

Saginaw Intermediate School District
Saginaw, Michigan



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

**Saginaw Intermediate School District
6235 Gratiot Road
Saginaw, Michigan 48638**

Comprehensive Annual Financial Report

Year Ended June 30, 2008

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**Saginaw Intermediate School District
Comprehensive Annual Financial Report
Year Ended June 30, 2008**

Table of Contents

	<u>Page No.</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i - x
Organizational Chart	xi
Administration	xii
Certificate of Excellence in Financial Reporting	xiii
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1 - 1
Management's Discussion and Analysis	2 - 1
Basic Financial Statements	3 - 1
District-wide Financial Statements	
Statement of Net Assets	3 - 2
Statement of Activities	3 - 4
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3 - 5
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	3 - 6

**Saginaw Intermediate School District
Comprehensive Annual Financial Report
Year Ended June 30, 2008**

Table of Contents
(Continued)

	<u>Page No.</u>
Statement of Revenues, Expenditures and Changes in Fund Balances	3 - 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	3 - 8
Fiduciary Funds	
Statement of Fiduciary Net Assets	3 - 9
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds	3 - 10
Notes to Basic Financial Statements	3 - 11
Required Supplemental Information	4 - 1
Budgetary Comparison Schedule – General Fund	4 - 2
Budgetary Comparison Schedule – Special Education Fund	4 - 3
Budgetary Comparison Schedule – Cooperative Education Fund	4 - 4
Other Supplemental Information	5 - 1
Combining Balance Sheet – Nonmajor Governmental Funds	5 - 2
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	5 - 3
<u>General Fund</u>	
Comparative Balance Sheet	5 - 6
Statement of Revenues and Other Financing Sources Compared to Budget	5 - 7
Statements of Expenditures and Other Financing Uses Compared to Budget	5 - 8

**Saginaw Intermediate School District
Comprehensive Annual Financial Report
Year Ended June 30, 2008**

Table of Contents
(Continued)

	<u>Page No.</u>
<u>Special Revenue Funds</u>	
Food Service	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	5 - 12
Special Education	
Statement of Revenues and Other Financing Sources Compared to Budget	5 - 13
Statement of Expenditures and Other Financing Uses Compared to Budget	5 - 14
Cooperative Education	
Statement of Revenues and Other Financing Sources Compared to Budget	5 - 17
Statement of Expenditures and Other Financing Uses Compared to Budget	5 - 18
<u>Debt Service Funds</u>	
Transition Center Bonds - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	5 - 24
Saginet Installment Purchase Agreements - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	5 - 25
Bus Installment Purchase Agreements - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	5 - 26
<u>Fiduciary Funds</u>	
Combining Balance Sheet	5 - 28
<u>Private Purpose Trust Funds</u>	
Detailed Statement of Revenues, Expenditures and Changes in Fund Balance	5 - 29
<u>Agency Fund</u>	
Activity Funds	
Statement of Changes in Amounts Due to Student Groups	5 - 30
<u>General Long Term Debt</u>	
Schedule of Outstanding Bonded Indebtedness	5 - 32
Schedule of Outstanding Installment Note Indebtedness	5 - 36
<u>Schedule of Intergovernmental Expenditures</u>	
General Fund	5 - 38
Special Revenue Fund - Special Education	5 - 39

**Saginaw Intermediate School District
Comprehensive Annual Financial Report
Year Ended June 30, 2008**

Table of Contents
(Continued)

	<u>Page No.</u>
STATISTICAL SECTION (Unaudited)	
<u>Financial Trends Information</u>	
Net Assets by component, last six fiscal years	6 - 2
Expenses, revenues, and other changes in net assets, last six fiscal years	6 - 3
Fund Balances, governmental funds, last ten fiscal years	6 - 4
Governmental funds revenues, last ten fiscal years	6 - 5
Governmental funds expenditures and debt service ratio, last ten fiscal years	6 - 6
Other financing sources and uses and net change in fund balances, governmental funds, last ten fiscal years	6 - 7
General Fund Revenues and Other Financing Sources by Source - Last Ten Fiscal Years	6 - 8
General Fund Revenues and Other Financing Sources by Source – Bar Chart	6 - 9
General Fund Expenditures and Other Financing Uses by Function - Last Ten Fiscal Years	6 - 10
General Fund Expenditures and Other Financing Uses – Bar Chart	6 - 11
Special Education Fund Revenues and Other Financing Sources by Source - Last Ten Fiscal Years	6 - 12
Special Education Fund Revenues and Other Financing Sources by Source – Bar Chart	6 - 13
Special Education Fund Expenditures and Other Financing Uses by Function - Last Ten Fiscal Years	6 - 14
Special Education Fund Expenditures and Other Financing Uses – Bar Chart	6 - 15
<u>Revenue Capacity Information</u>	
State taxable value, assessed value and estimated actual value of taxable property, last ten fiscal years	6 - 18
Tax Base Composition	6 - 19
Property tax rates, all overlapping governments, last ten fiscal years	6 - 20
Principal Taxpayers, current year and nine years ago	6 - 21
Property tax levies and collections, last ten fiscal years	6 - 22
<u>Debt Capacity Information</u>	
Outstanding debt by type, last ten fiscal years	6 - 24
Schedule of Direct and overlapping bonded debt	6 - 25
Legal debt margin information, last ten fiscal years	6 - 26

**Saginaw Intermediate School District
Comprehensive Annual Financial Report
Year Ended June 30, 2008**

Table of Contents
(Continued)

	<u>Page No.</u>
<u>Demographic and Economic Information</u>	
Demographic statistics – Saginaw County, last ten calendar years	6 - 28
Principal employers, current year and nine years ago	6 - 29
<u>Operating Information</u>	
Full-time-equivalent employees by type, last ten fiscal years	6 - 32
Enrollment statistics, last ten fiscal years	6 - 33
Teacher base salaries, last ten fiscal years	6 - 34
Capital asset information, last ten fiscal years	6 - 35



SAGINAW INTERMEDIATE SCHOOL DISTRICT

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November 3, 2008

Board of Education
Saginaw Intermediate School District
6235 Gratiot Road
Saginaw, MI 48638

Dear Board Members:

INTRODUCTION

The Comprehensive Annual Financial Report of the Saginaw Intermediate School District (ISD) for the fiscal year ended June 30, 2008 is submitted herewith. The report was prepared by Saginaw ISD's Finance and Business Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Superintendent and Director of Finance & Business Operations. This report has been prepared following generally accepted accounting principles. We believe that the data presented is accurate in all material respects and clearly reflects the financial position and results of operations of Saginaw ISD. All disclosures necessary to enable the reader to gain a full understanding of Saginaw ISD's financial activity have been made.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, Saginaw ISD's organizational chart, a listing of Saginaw ISD's top administrative officials and the Certificate of Excellence in Financial Reporting for the year ended June 30, 2007. The financial section includes the management's discussion and analysis, district-wide financial statements, the fund financial statements, notes to the financial statements, required, and other supplemental information, as well as the independent auditor's report on these financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

OVERVIEW

In 1962 the Michigan State Legislature authorized Intermediate School Districts for the purpose of creating Regional Education Service Agencies. Saginaw ISD was formed that same year. The goal of the Legislature was to consolidate resources and provide cost-effective special services for: students with special needs, staff training and development, instructional programs, as well as business and administrative operations. Saginaw ISD serves the 13 local school districts, 7 public school academies, and 24 non-public schools in Saginaw County.

Michigan Law requires that students identified as needing special education services be educated through age 26. Michigan Law also makes it the responsibility of Intermediate School Districts (ISD), known as Education Service Agencies in much of the country, to provide for the education of special education students. ISD's or ESA's in Michigan have the authority to operate the programs necessary for special education children and bill local school districts for their share of services provided to the children that are residents of their district. Saginaw ISD operates two center-based programs for Special Education students at the Millet Learning Center and the Transitions Center, as discussed in more detail below.

Saginaw ISD has the responsibility to monitor the special education programs operated within local school districts for compliance with applicable State and Federal laws, including the State of Michigan Revised School Code and the federal Individuals with Disabilities Education Improvement Act of 2004 (IDEA) and its subsequent regulations. Should a local district not be in compliance with applicable laws, Saginaw ISD works with that school to design an appropriate program to meet the needs of their students. Local School Districts educate most of their resident students identified as needing special education services within their own districts, or in cooperative programs among several local districts. Saginaw ISD is responsible for management of one such cooperative, called the West Saginaw Special Services Consortium (WSSSC). The WSSSC is designed to provide better, more cost effective educational opportunities for children than the member districts could provide on their own.

The Saginaw ISD is guided by its vision statement, which states that *“Saginaw ISD will be recognized by its customers as the first and best source of solutions, always.”* From this vision statement comes the district's mission statement, which is *“We provide effective and innovative leadership, services, resources and programs that meet or exceed the expectations of our diverse community.”* Saginaw ISD is a visionary, customer-focused service organization dedicated to continuous quality improvement and has developed a Strategic Plan based on the above statements and following the Baldrige Criteria for Performance Excellence.

Through this strategic plan the ISD is committed to a focus on customer satisfaction that meets or exceeds customer expectations. This includes focusing on the customer's current and emerging needs and continuously seeking ways to increase our capacity to deliver new resources, programs, and services in innovative ways. Saginaw ISD's core values are to be customer centered, visionary, collaborative, and results driven. By adhering to these four core values the district's strategic plan has selected the following four strategic customer requirements to serve the district over time and ensure that the educational needs of the diverse community served are met: Efficient and effective solutions, high expectations for student achievement, safe environment, and high standards for customer service.

Saginaw ISD operates from five primary locations: the Regional Educational Service Center, the Melvin G. Millet Learning Center, the Transitions Center, the Hartley Outdoor Education Center, and the Transportation Facility.

The **Regional Educational Service Center** (RESC) is the administrative hub of the Saginaw ISD. The RESC provides a wide variety of educational services, resources, and support systems that are reinforced by an administrative and support staff committed to meeting or exceeding customer expectations. The RESC houses the following departments: Office of the Superintendent, Finance, Regional Educational Media Center (REMC), Human Resources, Pupil Accounting, Special Education administration, West Saginaw County Special Education consortium, Technology Services, and Saginet. Finance oversees the business operations of the district, provides support for a finance software package, as well as providing accounts payable services to one of its local districts and payroll services to three of its local districts. REMC provides educators with media library services, distance learning, printing and graphics, and technology consulting. Human Resources oversees the personnel and professional development needs of the district's employees and also directly assists one local district with many of its human resources services. It also provides several local districts with substitute teacher calling services, fingerprinting services, as well as consultant and technical assistance. Pupil Accounting staff assists local districts with pupil accounting procedures, training, and audits; deals with truancy issues in the county; and provides support for a student software package. Special Education administrative staff provides programs and services that support the academic and functional achievement of those students with disabilities across Saginaw County's school districts that are in need of special attention, materials, or equipment by providing direct instruction, physical and occupational therapy, teacher consultant services, professional development, and oversight of the special education programs in the local districts. Technology Services supports the technical needs of the district, while also providing technology services for 4 of the local districts. Saginet is a countywide fiber optic network that was created in collaboration with 12 local school districts in Saginaw County is also part of a multi-county consortium which connects the fiber networks of Genesee, Lapeer, Midland, Saginaw, Shiawassee and St. Clair ISD's together. This network delivers distance learning and helps school districts share resources by allowing students and teachers to participate in virtual field trips, conduct educational events, share classrooms and allow students to enroll in classes in other school districts.

The **Millet Learning Center** sits on a 23 acre campus in Bridgeport and houses classrooms with a broad range of programs and services, a gymnasium, pool, spa, and cafeteria. This is where 264 severely developmentally disabled students from Saginaw County receive educational and vocational training. The Millet Center staff is dedicated to bringing personalized, quality education to children with moderate to severe disabilities and the medically fragile. The goal of this staff is to give children with disabilities every opportunity to reach their potential at home and in the community by gearing their instruction and training towards mastering the functional skills of daily living, physical education, and communication.

The **Transitions Center** is located in Saginaw Township and houses the Transitions Center School as well as the Professional Development Center. The school provides educational and vocational training for 320 developmentally disabled students from Saginaw County through two programs: the Post Secondary Transitional Program (PSTP) and the Secondary Transition Education Program (STEP). PSTP allows continuing education for students after they have completed instruction at one of the Saginaw County school districts. It provides school-based and community-based instruction that helps special education students transition to independent living. STEP works with students with disabilities who are in the final transition phase of their school career. Students spend a good portion of their instruction in a community-based program that focuses on the key areas of independent living skills, pre-vocational training, vocational training, and a transition to the workplace.

The Professional Development Center includes a large banquet room, meeting rooms, and full conference amenities which are available to Saginaw County educators at no cost, while also housing the district's Instructional Services Program. The Instructional Services Department works with school districts, teachers and administrators to develop relationships within and beyond the Saginaw ISD in order to best identify a coherent and systemic direction for professional development with all Saginaw County schools and inform educators about Michigan's school-reform initiatives. The Instructional Services department also supports curriculum, instruction and assessment, while securing grants to provide professional development and facilitating the flow of information between the state department of education and local school districts. The Health Education and Drug-Free Schools department offers drug and violence prevention training to all Saginaw County teachers and school staff and helps teachers, staff and parents work together on health-related issues. The Mid-Michigan Literacy Center is designed to help all children read by the end of the third grade and provides resources and professional development to all reading teachers.

The **Hartley Outdoor Education Center** is a 300-acre natural area in St. Charles that encompasses hardwood forests, wetlands, trails, creeks and a pond. The staff includes a director, naturalists, food service personnel, recreation coordinator, nurse and support staff. Approximately 5,660 Saginaw County children, as well as some children from districts outside of Saginaw County, visited Hartley last year for programs on outdoor environmental education. Fourth, fifth, and sixth-graders come to Hartley for a three-day education in environmental awareness, natural resource stewardship and appreciation of past cultures. The diversity of habitats present at Hartley gives the students unique opportunities to view wildlife. Field trips, day trips and virtual field trips further expand the learning potential, with 1,350 students participating in a virtual field trip program during the past year. The Murphy Farm is a working museum that demonstrates the family farm from the late 19th century to the present as well as housing farm animals. Here, students study land ethics, farm culture, and the daily life of farm families from a hundred years ago and today.

The **Transportation Department** provides transportation services to all Saginaw ISD center-based programs and for students with special needs. It also provides special education county-wide transportation services to 9 of the local school districts in the county and supervises the transportation operations of Saginaw Township Community School District.

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The notes to financial statements are an integral part of the financial statements. The Saginaw ISD Board of Education (Board) is the primary government, which has oversight and coordination responsibility related to public school education in Saginaw County. The Board receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncements since the Board members are elected by a representative Board Member from each of the 13 member school districts, the governing body has separate legal standing and is fiscally independent of other governmental entities. As such, the Board has decision-making authority, the authority to levy taxes and determine its own budget, the power to designate management, the ability to significantly influence operation and primary accountability for fiscal matters. The Board does not include any other component within its financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Generally accepted accounting principles under GASB Statement No. 34 requires that management provide financial report users with a simple narrative introduction, overview, and analysis of the basic financial statements in the form of management's discussion and analysis (MD&A), which is required supplementary information. This letter of transmittal is meant to complement the MD&A and should be read in connection with it. The MD&A can be found immediately following the independent auditors' report in the financial section of this report.

ECONOMIC CONDITIONS AND OUTLOOK

The Saginaw Intermediate School District is located in Saginaw County, which is an 812 square mile area located in the eastern central portion of Michigan's lower peninsula, approximately 15 miles southwest of Saginaw Bay and 95 miles northwest of the City of Detroit. It is a rural region where agriculture is prevalent, with over 60% of the county's land used for farming activity. Strong growth in the health service area has occurred as the region continues to solidify itself as a hub for medical care for northern and central Michigan. Saginaw County is Mid-Michigan's medical center with Covenant HealthCare and St. Mary's of Michigan servicing 26 counties. These two medical centers provide Saginaw County with its first and third largest employers. The manufacturing industry, and the auto industry in particular, continues to be very important to Saginaw County's economy. Delphi Steering and Hemlock Semiconductor Corporation are the second and fourth largest employers in the County, respectively and the county is home to 226 manufacturers according to the U.S. Census 2005 County Business Patterns report. However, the County's economy continues to become more diversified as it continues to see significant growth in other segments of the economy. Growth in the retail area is mainly due to unique tourist operations in the region, with Saginaw County recently ranked the Number 3 tourist destination in the State of Michigan by the Michigan Travel Bureau.

The continued diversification of the local economy is important to Saginaw ISD, since local property taxes account for approximately 20% of the district's revenues. While property tax value growth had been steady over the past decade, the last couple of years have seen this growth slow. While statewide taxable values had grown at an average rate of 5.8% from 1998 through 2007, the growth in 2008 slowed to only 1.4% growth and is estimated to decrease by 1.0% according to the State Tax Commission. This trend is consistent with what is being experienced in Saginaw County. The 2008 Taxable Values for Saginaw County increased by 2.0% from 2007. With a struggling economy, lower housing sales and a continuing drop in the avg. sales price of residential homes in Saginaw County, property tax rate growth is expected to be stagnant for the next several years.

In addition, with almost 24% of the district's revenues coming from the State, Saginaw ISD is also vulnerable to downturns in the economy outside Saginaw County as well. The dramatic shift in school funding occurred in the 1994-1995 school year with the passage of Senate Bill 1 on August 19, 1993, commonly known as Proposal A. Proposal A substantially shifted the funding responsibility for local school districts from the local level to the state level and from local property taxes to state aid as the major revenue source. It did this by reducing the local levy of property taxes and replacing it in part by state aid. The state aid revenues were made available by an increase of two cents in the sales tax rates and a state levied education tax of 6 mills on residential property and 24 mills on all industrial and commercial property. Therefore, school funding under Proposal A is more dependent on the overall financial stability of the State of Michigan. Consequently, the Saginaw ISD's financial stability rests primarily with the economic health of the State of Michigan.

ISD's are allowed to levy property taxes both for general operations as well as to fund special education operations. Saginaw ISD levies two voter approved charter millages for Special Education. The first was for three quarters of a mill and was approved by the voters June 14, 1965. The second was for one and one quarter mill and was approved by the voters June 10, 1974. In 1978, the voters of the State of Michigan passed, by ballot proposal, an amendment to the State Constitution called the Headlee Amendment. Headlee was a reaction to the rising property taxes in Michigan, which are largely based on assessed property values. The law permanently rolls back the millage rate that can be levied by any local unit of government when that unit has property additions plus increases in total assessed value on existing properties that outpaces the increase in the consumer price index for that particular year. Saginaw ISD has had Headlee rollbacks several times since then that have reduced the millage rates it can levy. These Headlee rollbacks cost Saginaw ISD approximately \$383,000 in Special Education Charter Millage in the 2007-2008 school year.

Saginaw ISD levies a County Allocated Millage in addition to the two Charter Special Education millages. This millage is general fund, general-purpose revenue. The allocated millage, which was originally 0.15 mills, had the same Headlee rollbacks that impacted the Charter Special Education millages. The Headlee rollbacks of the County Allocated Millage cost Saginaw ISD approximately \$29,700 in Allocated Millage in the 2007-2008 school year.

MAJOR INITIATIVES

In addition to the many ongoing programs that the Saginaw ISD operates, as discussed in the Overview section previously, the Saginaw ISD continues to be a leader in many new programs and collaborative efforts over the last couple of years.

One of the areas that has seen continual growth over the last several years at Saginaw ISD is in the Early Childhood and Parenting Services department. The Saginaw ISD's Department of Early Childhood and Parenting Services operates in partnership with local community agencies and the local school districts to strengthen supports to families and offer high quality early education and care. It also functions under the umbrella of the statewide Early Childhood Investment Corporation (ECIC) and **Project Great Start** initiative. The department is a member of the local Great Start Collaborative – Saginaw County, which works together to assure that all Saginaw County children enter kindergarten safe, healthy, and ready to succeed in school and in life. A major program in this department is Head Start. In November, 2005, Saginaw ISD was awarded the contract to operate the Head Start program in Saginaw County, effective January 1, 2006. This was a \$6.6 million federal grant to serve 1,011 children in the county through the end of the 2007-2008 fiscal year. Head Start is a comprehensive child development program which serves children ages 3 and 4 and their families. They are child-focused programs and have the overall goal of increasing the school readiness of young children in low-income families. The Head Start program has a long tradition of delivering comprehensive and high quality services designed to foster healthy development in low-income children. As a Head Start grantee, Saginaw ISD will be providing a range of individualized service in the areas of education and early childhood development; medical, dental, and mental health; nutrition; and parent involvement.

Two of the newest programs that have been added in the past couple of years are the Saginaw Valley Regional 4C program and the T.R.U.E. Initiative. On October 1, 2006, Saginaw ISD assimilated the Saginaw Valley Regional 4C organization and its staff into the department. The Saginaw Valley Regional 4C promotes high quality child care programs through education and referrals and coordinates community resources that meet the needs of the child care consumers in mid-Michigan. It does this by providing information and referrals for child care, training for day care homes and center providers, parenting services, and advocating for children and their families in the local community and the legislature. The T.R.U.E. Initiative is a county-wide collaborative partnership between Saginaw ISD, Saginaw Valley State University, Creating Character (a local curriculum developer), and local schools, organizations and agencies. This project began with the awarding of a Partnership in Character Education grant from the U.S. Department of Education for a 3 year period that began July 1, 2006 and will total \$904,442. The purpose of this initiative is to teach children about good character at the early childhood level through training and resources provided to teachers, parents and day-care providers.

Saginaw ISD continues to be a leader in other collaborative projects. The district has developed a student assessment system that provides formative assessments on a periodic basis, in order to measure students' progress in achieving state level content expectations in schools across the county. Another collaborative project was the purchase of fingerprinting equipment a couple of years ago, which has been used countywide to assist the local school districts in having all employees fingerprinted by June 30, 2008, as required by the Michigan Department of Education. Saginaw ISD has also been part of a consortium with 12 districts in Saginaw and Midland counties in the operation of application software for the finance, human resources, and student management functions. This collaborative group determined that Saginaw ISD would provide access to, manage and provide direct user support of this software for the consortium. Saginaw ISD has also put into operation an automated substitute teacher calling system, which is utilized by the ISD and 9 local districts in the county. A school safety consortium is also coordinated by the Saginaw ISD, which promotes safe schools throughout Saginaw County by sharing information on best practices and establishing training and other relevant activities. During the 2007-2008 this consortium partnered with Livingston Educational Service Agency and their local school districts.

The Instructional Services department continues to be a leader in Curriculum Development. In the past it has developed an online curriculum project and a number of pilot programs that the Michigan Department of Education awarded to Saginaw ISD for wider implementation on a statewide basis. Two new projects undertaken in the prior school year were the High Priority Schools initiative and the Cultures of Thinking initiative. Under the High Priority Schools initiative, Saginaw ISD received a \$210,000 grant from the Michigan Department of Education this past school year to be used to work with those schools in Saginaw County that have been identified for improvement by MDE by creating monitoring and auditing teams, coaches, a principal fellowship and additional professional learning opportunities at those schools. In the past year, the Saginaw ISD received \$250,000 in funding from two regional foundations to support the Tri-County Cultures of Thinking Collaborative for a five year period. Over this five year period, this funding will support the training of nearly 500 educators from Bay, Midland and Saginaw counties from a researcher of Project Zero from the Harvard Graduate School of Education. This training will engage those educators, birth through graduate school, in exploring classroom Cultures of Thinking in the process of student reflection, thinking and engagement.

INTERNAL ACCOUNTING CONTROLS

An internal control system has been designed to ensure that the assets of Saginaw ISD are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurances recognizes that: 1) the cost of the control should not exceed the benefits likely to be derived, and 2) the valuation of cases and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, Saginaw ISD is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is subject to periodic review by management. As part of the Saginaw ISD's single audit, tests have been made to determine the adequacy of the internal controls, including that portion related to Federal financial assistance awards, as well as to determine that Saginaw ISD has complied with applicable laws and regulations. The results of Saginaw ISD's single audit for the fiscal year ended June 30, 2008 provided no instances of material weaknesses in the internal control system or violations of applicable laws and regulations.

BUDGETARY CONTROLS

The level of budgetary control (that is, the level at which expenditures cannot legally exceed appropriates amounts) is established in accordance with a Resolution of the Saginaw ISD Board of Education. Budgets are legally adopted for the general fund, special revenue fund, debt fund, and capital projects fund.

The district's budgetary control and system of internal accounting was designed to adequately safeguards assets and provide reasonable assurances of proper recording of financial transactions. The report has been audited by Yeo & Yeo, P.C., independent auditors whose opinion is included as part of this report. Their opinion is unqualified. Annual financial reporting to the State of Michigan follows accounting requirements as stated in the State Accounting Manual. These requirements are consistent with generally accepted accounting principles.

As previously noted, Saginaw ISD has adopted the Malcolm Baldrige Criteria. Therefore, a budget oversight and development process is in place that is focused on achievement of the districts' strategic plan. Each unit team, building improvement team and district improvement team has budgetary oversight responsibilities. Ultimate budget oversight for the entire district rests with the Superintendent and the Director of Finance and Business Operations. Budget variances are discussed in the MD&A and detailed in Note 2 of the Financial Section.

CASH MANAGEMENT

District investment procedures set forth the investment objectives and parameters for the management of public funds of the District and are established by Board Policy. These investment procedures are designed to safeguard funds on behalf of the District, to assure the availability of operating and capital funds when needed, and provide an investment return competitive with comparable funds and financial market indices. Interest bearing bank accounts, money market funds, federal instrumentalities, US treasury obligations, and certificates of deposit were utilized for investment of available funds.

The District has not realized any losses from such balances in the past and believes that these balances are with financial institutions that do not subject the District to any significant risk of losses during the next fiscal year. Further detail on the cash management of the district can be found in Note 3 to the financial statements.

RISK MANAGEMENT

Risk management is taken very seriously by Saginaw ISD. Saginaw ISD's Supervisor of Buildings & Grounds is responsible for monitoring facilities for violations of Federal, State, and Local laws, codes, regulations, and ordinances. Ultimate responsibility for risk management is listed in the job description of the Director of Finance and Business Operations.

Saginaw ISD is self insured for the dental, vision and pharmacy benefits it provides for its employees and partially self insured for the medical benefits provided. These benefits are provided on an actual reimbursement method after any required employee co-payments, up to applicable deductible limits on each policy. Payments are made to the insurance carrier on a monthly basis based on the estimated claims expected to be incurred.

INDEPENDENT AUDIT

State of Michigan statutes require that each school district has an annual audit conducted by independent certified public accountants. The Saginaw ISD Board of Education appointed the accounting firm of Yeo & Yeo, P.C. to perform this service for the 2007-2008 fiscal year. In addition, the OMB Circular A-133 requires that all governmental recipients of federal assistance have organizational-wide financial and compliance audits on an annual basis. Both of these requirements have been met. The auditor's report on the financial statements is included herein with an unqualified opinion, containing no scope limitations.

FINANCIAL REPORTING EXCELLENCE AWARD

This report has been prepared following the guidelines of the Association of School Business Officials (ASBO) and its Certificate of Excellence Program requirements. A Certificate of Excellence is valid for a period of one year only and we are submitting our current year Comprehensive Annual Financial Report for the year ended June 30, 2008 to ASBO to determine its eligibility for the Certificate of Excellence. We believe that our current report continues to meet the Certificate of Excellence Program's requirements. The Saginaw ISD received the "Certificate of Excellence in Financial Reporting" award from ASBO in its initial submission for the year ended June 30, 2000, as well as for all subsequent fiscal years through the year ended June 30, 2007. This achievement is of great pride to the district's Administration Team and a tribute to the Board of Education in its endeavors to demand high standards of excellence in financial reporting. Publication of this report completes the financial reporting process for the 2007-2008 fiscal year.

ACKNOWLEDGMENT

The preparation of the Comprehensive Annual Financial Report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of our office and Yeo & Yeo, P.C., Certified Public Accountants for their support and dedication in making this report a reality.

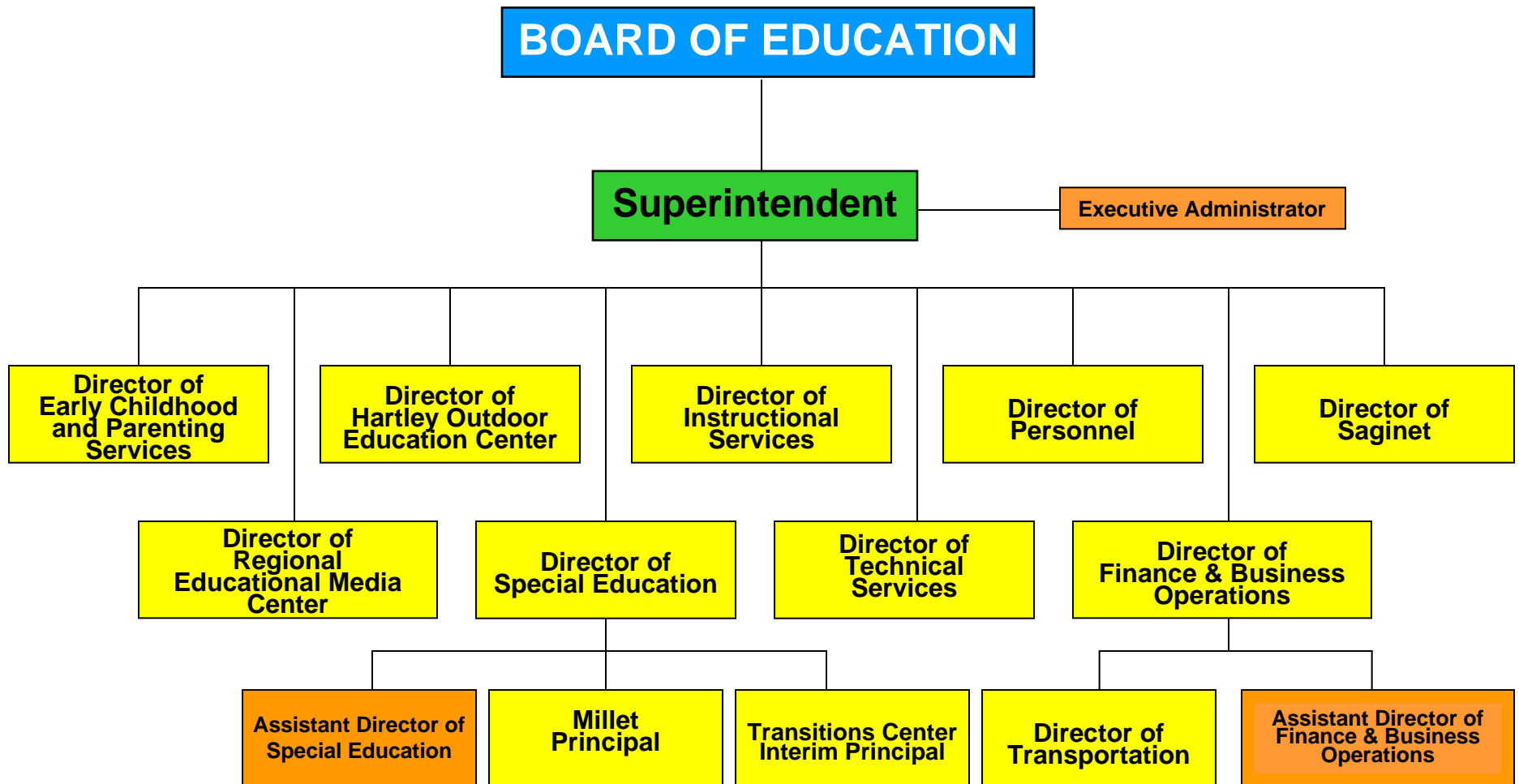
We would like to thank the members of the Board of Education for their continued guidance and support throughout this past year. Copies of this report are available for public distribution upon request.

Sincerely,

Dr. Richard Syrek
Superintendent

Sally Peterson
Director of Finance &
Business Operations

Saginaw Intermediate School District Organizational Chart



SAGINAW INTERMEDIATE SCHOOL DISTRICT ADMINISTRATION

Richard J. Syrek, Ed.D
Superintendent

James Blaschka
Director Hartley Outdoor
Education Center

Jeff Johnson
Director of Technical
Services

John Tanner
Director of Regional Education
Media Center

Robert Fall, Ed. D.
Millet Center Principal

Sally Peterson
Director of Finance &
Business Operations

Rich Van Tol
Director of Early Childhood
and Parenting Services

William Hartl
Director of Special Education
Services

Rod Rock, Ed. D.
Director of Instructional
Services

Cheryl Vinson Taylor
Transitions Center
Interim Principal

Linda Jensen
Director of Personnel

Aaron Schippert
Director of Saginet

Teresa Pruden, CPS
Executive Administrator

Marge Schultz
Director of Transportation



This Certificate of Excellence in Financial Reporting is presented to

SAGINAW INTERMEDIATE SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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3023 Davenport
Saginaw, MI 48602
Phone (989) 793-9830 / (800) 968-0010
Fax (989) 793-0186

Independent Auditors' Report

To the Board of Education
Saginaw Intermediate School District
Saginaw, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Saginaw Intermediate School District as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Saginaw Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Saginaw Intermediate School District as of June 30, 2008, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2008, on our consideration of the Saginaw Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saginaw Intermediate School District's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Yeo & Yeo, P.C.

Saginaw, Michigan

November 3, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Saginaw Intermediate School District Management's Discussion and Analysis Year Ended June 30, 2008

This section of the financial report presents our discussion and analysis of the Saginaw Intermediate School District's financial performance during the year ended June 30, 2008. It is meant to provide an overall review of the District's financial activities and provide a look at its past and current financial position. Readers should also review the District's financial statements, immediately following this section, to enhance their understanding of the District's financial performance.

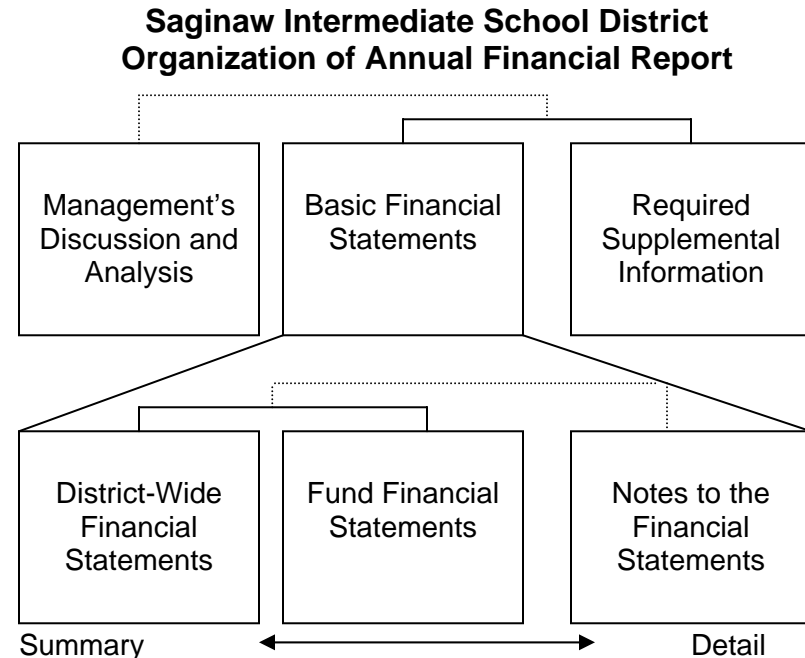
Using this Annual Report

This annual report consists of the following three parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
- Required Supplemental Information

These statements are organized to help the reader understand the financial position of the Saginaw Intermediate School District as a whole. The District-wide Financial Statements provide information about the activities of the District as a whole. The fund financial statements provide the next level of detail, providing more detailed information about the District's most significant funds, the General Fund, Special Education Fund and Cooperative Education Fund, with all other funds presented in one column as nonmajor funds. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by required supplemental information that supports and further explains the financial statements with a comparison of the District's budget for the year for the District's major funds.

The overall organization of this report is summarized below:



Saginaw Intermediate School District

Management's Discussion and Analysis

Year Ended June 30, 2008

District –Wide Financial Statements

The District-wide statements provide financial information of the District as a whole. They report on the governmental activities of the District, which includes most of the District's basic services, including special education, instructional support, transportation, food service and administration. These activities are mostly funded by property taxes, state aid and federal and state grants. These statements use the full accrual basis of accounting, similar to private sector companies. There are two District-wide statements: The Statement of Net Assets and the Statement of Activities.

The **Statement of Net Assets** includes all the assets and liabilities of the District, whether short-term or long-term, and regardless of whether or not they are currently available. As a result, capital assets and long-term obligations of the District are included in this statement.

The **Statement of Activities** accounts for current year revenues and expenses regardless of when cash is received or paid, consistent with the full accrual basis method of accounting. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

When analyzed together, these two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities. Both statements report the District's net assets, which is the difference between the District's assets and liabilities. The change in net assets is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial health is improving or deteriorating. However, the District's goal is to provide services to our students and local school districts, not

generate profits as in the private sector. As a result, other non-financial factors should be considered in assessing the overall health of the District. Such factors would include the quality of education and services provided, the condition of the District's buildings, and the property tax base of the District.

Fund Financial Statements

The fund financial statements focus on providing more detailed information about the major funds of the District and not on the District as a whole, as reported in the District-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements provide a detailed short-term view of the District's operations and help in determining whether there are more or less financial resources available in the near future to finance the District's programs and services provided.

Saginaw Intermediate School District is the trustee, or fiduciary, for several expendable trust funds as well as student activity funds established for the benefit of our students. These fiduciary activities are reported in separate supplemental schedules. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Saginaw Intermediate School District
Management's Discussion and Analysis
Year Ended June 30, 2008**

Financial Analysis of the District as a Whole

Summary of Net Assets

	<u>June 30,</u>	
<u>Governmental Activities</u>	<u>2008</u>	<u>2007</u>
Assets		
Current Assets	\$ 10,489,055	\$ 12,855,473
Noncurrent Assets	16,438,191	17,049,483
Total Assets	<u>26,927,246</u>	<u>29,904,956</u>
Liabilities		
Current Liabilities	5,885,229	6,236,820
Noncurrent Liabilities	<u>6,617,917</u>	<u>7,451,438</u>
Total Liabilities	<u>12,503,146</u>	<u>13,688,258</u>
Net Assets		
Total Capital Assets, net of related debt	10,456,797	10,334,190
Unrestricted	<u>3,967,303</u>	<u>5,882,508</u>
Total Net Assets	<u>\$ 14,424,100</u>	<u>\$ 16,216,698</u>

The net assets for the District were \$14,424,100 at June 30, 2008. The largest portion of the District's net assets consists of its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The outstanding debt related to the acquisition of capital assets will be repaid from the District's operating millages and from local school district payments for operation of the SAGINET system. The remaining \$3,967,303 of unrestricted net assets is used for funding future programming, capital improvements, and for maintaining adequate cash flow to eliminate the need for borrowing.

Unrestricted net assets are similar, but not identical to, fund balance. A reconciliation of the difference between the change in net assets and a change in fund balance is included in the basic financial statements.

Statement of Net Assets from Operating Results

	<u>Year Ended June 30,</u>	
<u>Governmental Activities</u>	<u>2008</u>	<u>2007</u>
Revenues		
Program revenues		
Charges for services	\$ 8,679,492	\$ 8,207,710
Operating grants and contributions	18,859,077	17,444,938
General revenues		
Property taxes	10,650,952	10,375,490
State Aid	12,312,277	13,268,888
Other	<u>822,806</u>	<u>1,525,841</u>
Total revenues	<u>51,324,604</u>	<u>50,822,867</u>
Expenses		
Instruction	10,229,643	9,106,309
Support services	28,318,383	25,864,286
Community services	369,204	355,479
Facilities Acquisition	89,386	102,740
Food services	1,008,314	860,427
Intergovernmental payments	12,581,390	12,683,487
Capital outlay (noncapitalized)	261,905	251,104
Interest on long-term debt	221,137	263,355
Bond refunding interest amortization	<u>37,840</u>	<u>37,840</u>
Total expenses	<u>53,117,202</u>	<u>49,525,027</u>
Increase in net assets	(1,792,598)	1,297,840
Net assets - beginning of year	<u>16,216,698</u>	<u>14,918,858</u>
Net assets - end of year	<u>\$ 14,424,100</u>	<u>\$ 16,216,698</u>

Saginaw Intermediate School District

Management's Discussion and Analysis

Year Ended June 30, 2008

The net assets for the District decreased \$1,792,598 during the year, as shown above. The *Statement of Activities* presented later in the government-wide financial statements provides greater detail on the District's annual activity. As reported in the statement of activities, the cost of all government activities this year was \$53.12 million. However, the amount that was ultimately financed by our taxpayers through property taxes was only \$10.65 million because of the State Aid received by the District (\$12.31 million), the fact that some of the costs were paid by those who benefited from the programs (\$8.68 million), by other governments and organizations who subsidized certain programs with grant and contributions (\$18.86 million), and by other sources (\$0.82 million).

Almost 24% of the District's revenues are from State sources. As a result, the financial health of the State of Michigan is an important factor in the financial stability of the District. The next largest source of income to the District is in the form of property taxes, which accounts for almost 21% of the District's revenues.

The District levied 0.1442 mills of property taxes for general fund operations and 1.9253 mills for special education operations on taxable properties for the current fiscal year. Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at lesser of the rate of the prior year's Consumer Price Index increase or 5 percent. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value. The following summarizes the local tax revenues as a percent of all revenues for the past five years:

Local Property Tax History

Fiscal Year	Total	
	Local Property Tax Revenue	% of Revenue
2008	\$ 10,650,952	20.8%
2007	10,375,490	20.4%
2006	9,884,054	21.9%
2005	9,470,499	24.1%
2004	9,132,907	23.8%

Local property tax revenues in the table include the receipt of delinquent taxes from prior years.

Financial Analysis of the District's Funds and Budgetary Highlights

Another way to view the financial performance of the District is reflected in its governmental funds. The combined fund balance of the governmental funds at the end of the year was \$4,773,017, which was a \$2,122,924 decrease from the prior year. The following section reviews the financial performance of the individual governmental funds as well as the highlights of their budgets. The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2007/08 was approved on June 13, 2007 and amended on June 11, 2008.

**Saginaw Intermediate School District
Management's Discussion and Analysis
Year Ended June 30, 2008**

General Fund

The General Fund had \$9.01 million in total revenues and other financing sources and \$8.88 million in total expenditures and other financing uses resulting in a \$129,568 increase in fund balance. This increase was more than the budgeted decrease in fund balance of \$186,471 by \$316,039 and resulted in an ending fund balance of \$2,362,602.

General Fund Revenues

	Original Budget	Revised Budget	Actual
Revenues and other sources	\$ 8,843,866	\$ 9,925,525	\$ 9,011,940

The District's revised budget increased \$1,081,659 from the original budget. The significant revenue budget adjustments for the year were the following:

- A little more than \$713,000 in grant awards were received after the year started, which is also offset by the budgeted expenditures that go along with this program.
- Budgeted revenues for services provided to local districts were increased by almost \$219,000, much of which is offset by a corresponding increase in related expenditures.

The District's actual general fund revenues were less than the revised budget by \$913,585. The significant reasons for this variance are as follows:

- About \$722,000 of Federal and State grant revenue that was budgeted won't be spent until next fiscal year and is offset by related expenditures.
- About \$118,000 of grant revenue had to be deferred to next year since it was received more than 60 days after the fiscal year end and thereby did not meet the revenue recognition policy.

General Fund Expenditures

	Original Budget	Revised Budget	Actual
Expenditures and other uses	\$ 8,905,302	\$ 10,111,996	\$ 8,882,372

The District's revised budget increased \$1,206,694 from the original budget. Some of the significant budget adjustments to expenditures for the year include:

- An approximate increase of \$713,000 in expenditures related to grant-funded programs added during the year, as discussed in the revenue section earlier.
- Almost \$195,000 was added to the technical services area during the year, due to the fact that we began providing that service to several additional districts during the past year.
- \$86,000 in fingerprinting expenses were added to the budget. A majority of these expenses are paid for by the local districts using these services.

The District's actual general fund expenditures were less than the revised budget by \$1,229,624. The significant reasons for this variance include the following:

- Approximately \$722,000 of various grants and categorical State Aid were not spent by year end, as discussed earlier. These expenditures will be incurred in the next fiscal year.
- The remainder of this decrease cannot be attributed to any individually significant variances but is the result of smaller variances in numerous supply, purchased service and capital outlay line items that came in under budget.

**Saginaw Intermediate School District
Management's Discussion and Analysis
Year Ended June 30, 2008**

Special Education Fund

The Special Education Fund had \$34.40 million in total revenues and other sources and \$36.51 million in total expenditures, resulting in a \$2,119,655 decrease in fund balance. This decrease was less than the budgeted decrease in fund balance of \$2,675,397 by \$555,742, resulting in an ending fund balance of \$2,133,000.

Special Education Fund Revenues

	Original Budget	Revised Budget	Actual
Revenues and other sources	\$ 35,869,068	\$ 35,021,085	\$ 34,394,702

The District's revised budget decreased \$847,983 from the original budget. Some of the significant revenue budget adjustments for the year include:

- A \$179,500 decrease in budgeted property tax revenue.
- A \$430,000 decrease in budgeted State Aid revenue.
- A \$152,000 decrease in budgeted Medicaid revenues.

The District's actual special education fund revenues were less than the revised budget by \$626,383. Significant variances within this total include the following:

- Medicaid revenues were about \$317,000 lower than budgeted. Since the majority of this revenue is passed through to the local school districts, this decrease is offset by the corresponding decrease in transfers to the local districts.
- Local revenues for services provided to local districts were about \$103,000 less than budgeted, some of which is offset by a corresponding decrease in those expenditures.
- About \$155,000 of Federal grant revenue that was budgeted won't be spent until next fiscal year.

Special Education Fund Expenditures

	Original Budget	Revised Budget	Actual
Expenditures and other uses	\$ 36,559,879	\$ 37,696,482	\$ 36,514,357

The District's revised budget increased \$1,136,603 from the original budget. Some of the significant budget adjustments to expenditures for the year include:

- The transportation budget increased \$165,000 in the area of contracted transportation of students and \$250,000 for fuel and parts.
- A early childhood special education program was added to the original budget at a cost of about \$237,000.
- About \$557,000 of costs were added to the original budget for county-wide special education programs operated at local school districts.

The District's actual special education fund expenditures were \$1,182,125 less than the revised budget. The significant reasons for this variance include the following:

- Salaries and benefits for the center-based special education programs operated by the district were about \$505,000 under budget due to various vacancies, departures and self insured health insurance costs coming in under budget.
- Approximately \$155,000 of federal grants were not spent by year end, as discussed earlier. These expenditures will be incurred in the next fiscal year.
- Medicaid disbursements passed through to local districts were \$297,000 under budget, which corresponds with a similar drop in Medicaid revenue received.

**Saginaw Intermediate School District
Management's Discussion and Analysis
Year Ended June 30, 2008**

Cooperative Education Fund

The Cooperative Education Fund had \$7.46 million in total revenues and other financing sources and \$7.46 million in total expenditures and other financing uses, resulting in no change in fund balance, as budgeted.

	Original Budget	Revised Budget	Actual
Revenues and other sources	\$ 7,105,658	\$ 7,600,813	\$ 7,463,522
Expenditures and other uses	\$ 7,105,658	\$ 7,600,813	\$ 7,463,522

The District's revised budget increased \$495,155 from the original budget. Some of the significant revenue budget adjustments for the year include:

- \$325,197 of the Head Start general operating grant from the prior fiscal year was carried over to the current year.
- \$103,376 of the Head Start start-up award from the prior fiscal year was carried over to the current year.
- \$74,596 of Early On grant funds were not included in the original budget.

The District's actual amounts were less than the revised budget by \$137,291. The significant reasons for this variance are the following:

- About \$110,000 of Head Start grant revenue had been encumbered, but not spent, at year end and will be spent next fiscal year.
- About \$12,000 of the Early On grant had not been spent at year end and will be carried over to the next fiscal year.

Other Governmental Funds

The non-major governmental funds had \$1,886,599 in total revenues and other financing sources and \$2,019,436 in total expenditures, resulting in a \$132,837 decrease in fund balance. This activity includes food service operations, the District's various debt service funds, and two capital projects funds. More detailed information on these funds can be found in the Other Supplemental Information section of the financial statements.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2008, the District had \$16,086,849 invested in capital assets. Total additions for the year were \$633,584, with \$212,591 of retirements and disposals and current year depreciation of \$1,288,526. This represents a net decrease (including additions, deletions, and depreciation) of \$656,523 from last year, as recapped below:

Assets	2008	2007
Land	\$ 581,140	\$ 581,140
Site Improvements	187,833	187,833
Buildings and improvements	15,795,334	15,728,544
Furniture and equipment	4,166,703	4,161,381
Buses and other vehicles	4,021,166	3,672,285
Subtotal	24,752,176	24,331,183
Less accumulated depreciation	(8,665,327)	(7,587,811)
	<u>\$ 16,086,849</u>	<u>\$ 16,743,372</u>

**Saginaw Intermediate School District
Management's Discussion and Analysis
Year Ended June 30, 2008**

The current year capital additions included the following:

7 buses	\$ 541,812
Back-up generator for computer room	66,790
3 used vehicles for PSTP program	19,660
2 Saginet videoconferencing encoders	5,322
	<u>\$ 633,584</u>

We present additional detailed information about our capital assets in Note 6 to the financial statements.

Long-Term Debt

The long-term obligation for the District decreased by \$833,521, as recapped below:

	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 3,425,000	\$ 3,640,000
Installment purchase agreements	865,557	1,480,878
Durant state commitment bond	1,107,760	1,107,760
Accrued compensated absences	1,219,600	1,222,800
Deferred interest costs - bond refunding	<u>(37,839)</u>	<u>(75,679)</u>
	<u>\$ 6,580,078</u>	<u>\$ 7,375,759</u>

During the past fiscal year, the District had a net decrease of \$3,200 in accrued compensated absences. \$37,840 of the deferred interest costs from a bond refunding were amortized. Reductions of \$830,321 resulted from debt principal payments.

The general obligation bonds were issued for the construction of our Transitions Center. The installment purchase agreements financed the purchase of data electronic equipment and video equipment for the county-wide SAGINET fiber optic project as well as bus purchases. The Durant state commitment bond is a legal obligation of the District, but the annual State of Michigan appropriation is the only revenue source making the debt service payments on those bonds. If the State legislature fails to appropriate the bonds, the District is under no obligation for payment.

The District's general obligation bond rating continues to be AAA. State statutes limit the general obligation debt that the district may issue. The District's outstanding unqualified general obligation debt of \$3,425,000 is well below the \$6,525,739 statutorily imposed limit.

We present more detailed information about our long-term debt in Note 9 to the financial statements.

Economic Factors and Next Year's Budget and Rates

As stated earlier, almost 24% of the District's revenue is from State sources. As a result, the financial health of the State of Michigan and its ability to collect revenues to fund its appropriation to school districts is an important factor in the financial stability of the District. While there has been some stabilization in the State School Aid Fund, the weak economy in Michigan and continued spending pressures make it difficult for the School Aid Fund to provide reasonable revenue growth for schools. The State's Consensus Revenue Estimating Conference on May 16, 2008 had to reduce the School Aid Fund's projected revenues for the 2008-09 school years by \$163.2 million. In addition, the Citizens Research Council

Saginaw Intermediate School District Management's Discussion and Analysis Year Ended June 30, 2008

growth of 3.0% per year in the School Aid Fund for the 2008/09 through 2016/17 school years, while expenditures are estimated to grow at a 4.7% pace over the same period. This gap between the expected expenditures and the available revenues would result in an annual shortfall of about \$300 million in the School Aid Fund over that time period. All of these items point to continued challenges for the State to adequately fund school districts in the State.

The next largest source of income to the District is in the form of property taxes, which accounts for 20% of the District's revenues. For the last several years, the District had been able to rely on this as a stable source of income with consistent growth. However, with the continued slump in the housing market in Michigan and specifically in Saginaw County, this has become an additional area of concern to the District. The beginning taxable values received from the surrounding county treasurers for the 2008-09 fiscal year show only an approximate 2.0% increase from the prior year taxable values and this growth is expected to decrease in the following year. The State Tax Commission has shown that the statewide taxable value growth for 2008 was 1.4% and is estimated to be a negative 1.0% for 2009. While we don't anticipate that much of a drop in Saginaw County, it does appear that we should be prepared for little to no growth, with the possibility of a slight drop in taxable value for the 2009/2010 school year.

The District's contract with Head Start staff expired on September 30, 2008 and is currently being negotiated. The current contracts with the bargaining units of both the teachers and support staff go through June 30, 2009. The administrative and non-bargaining unit contracts for the 2008-09 fiscal year were also settled by year end.

A continuing trend that will have a significant impact on the District's future finances is the continued increases in the cost of health insurance and expected increases in the retirement rate paid by the school district. Our budgeted increase for health insurance costs is almost 10% for the 2008/2009 school year and is expected to continue to increase at a similar rate in the foreseeable future. The retirement rate set by the State of Michigan has increased from 11.66% for the 1999-00 school year to 16.72% for 2007-08. While the rate will drop to 16.54% for 2008-09, the rates for 2006-07 and 2007-08 would have been 18.67% and 18.56%, respectively, had it not been for updates in the actuarial assumptions both years that delayed a portion of the increase for a one-year period. While recent changes have been made that should ease some of the pressures on the retirement system, it is still anticipated that there will be continued increases in the retirement rate in future years.

These factors were considered in preparing the Saginaw Intermediate School District's budgets for the 2008-09 fiscal year.

Requests for Information

This financial report is designed to provide a general overview for anyone interested in the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to:

Director of Finance & Business Operations
Saginaw Intermediate School District
6235 Gratiot Road, Saginaw, MI 48603
Telephone number (989) 249-8737

BASIC FINANCIAL STATEMENTS

Saginaw Intermediate School District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,637,596
Investments	65,213
Accounts receivable	115,217
Current portion of capital lease receivable	17,073
Taxes receivable	160,986
Due from other governmental units	6,817,449
Inventory	190,280
Prepaid expenditures	447,402
Deferred interest costs from bond refunding	<u>37,839</u>
Total current assets	<u>10,489,055</u>
Noncurrent assets	
Capital leases receivable - long-term	351,342
Capital assets	
Land	581,140
Site improvements	187,833
Buildings	13,974,931
Buildings improvements	1,820,403
Furniture and equipment	4,166,703
Buses	3,608,931
Other vehicles	412,235
Less: accumulated depreciation	<u>(8,665,327)</u>
Total noncurrent assets	<u>16,438,191</u>
Total assets	<u>26,927,246</u>

(Continued)

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 967,995
Due to other governmental units	1,943,738
Accrued expenditures	1,859,906
Accrued interest payable	269,574
Unearned revenue	<u>844,016</u>
Total current liabilities	<u>5,885,229</u>
Noncurrent liabilities	
Due within one year	773,290
Due beyond one year	<u>5,844,627</u>
Total noncurrent liabilities	<u>6,617,917</u>
Total liabilities	<u>12,503,146</u>
Net Assets	
Invested in capital assets, net of related debt	10,456,797
Unrestricted	<u>3,967,303</u>
Total net assets	<u>\$ 14,424,100</u>

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Statement of Activities
Year Ended June 30, 2008

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Functions/Programs	<u>Expenses</u>			
Governmental activities				
Instruction	\$ 10,229,643	\$ 93,751	\$ 1,267,647	\$ (8,868,245)
Supporting services	28,318,383	7,384,828	9,772,147	(11,161,408)
Community services	369,204	-	-	(369,204)
Facilities Acquisition	89,386	-	-	(89,386)
Food services	1,008,314	51,126	551,176	(406,012)
Intergovernmental payments	12,581,390	1,149,787	7,229,170	(4,202,433)
Capital outlay (noncapitalized)	261,905	-	-	(261,905)
Interest on long-term debt	221,137	-	38,937	(182,200)
Bond refunding interest amortization	<u>37,840</u>	<u>-</u>	<u>-</u>	<u>(37,840)</u>
Total governmental activities	<u>\$ 53,117,202</u>	<u>\$ 8,679,492</u>	<u>\$ 18,859,077</u>	(25,578,633)
General revenues				
				10,650,952
				6,324,282
				5,987,995
				152,800
				<u>670,006</u>
				<u>23,786,035</u>
				(1,792,598)
				<u>16,216,698</u>
				<u>\$ 14,424,100</u>

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Balance Sheet - Governmental Funds
June 30, 2008

	General Fund	Special Education Fund	Cooperative Education Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 651,659	\$ 1,983,805	\$ 40	\$ 2,092	\$ 2,637,596
Investments	-	65,213	-	-	65,213
Accounts receivable	72,085	8,676	34,456	-	115,217
Taxes receivable	10,290	150,696	-	-	160,986
Due from other governmental units	1,195,825	5,043,130	866,522	80,387	7,185,864
Due from other funds	1,469,544	-	-	253,765	1,723,309
Inventory	-	190,280	-	-	190,280
Prepaid expenditures	346,854	5,985	17,338	77,225	447,402
Total assets	<u>\$ 3,746,257</u>	<u>\$ 7,447,785</u>	<u>\$ 918,356</u>	<u>\$ 413,469</u>	<u>\$12,525,867</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 295,398	\$ 617,369	\$ 55,228	\$ -	\$ 967,995
Due to other governmental units	112,986	1,826,534	4,218	-	1,943,738
Due to other funds	-	820,860	769,276	133,173	1,723,309
Accrued expenditures	170,573	1,374,518	89,634	2,881	1,637,606
Deferred revenue	804,698	675,504	-	-	1,480,202
Total liabilities	<u>1,383,655</u>	<u>5,314,785</u>	<u>918,356</u>	<u>136,054</u>	<u>7,752,850</u>
Fund Balance					
Reserved					
Reserved for prepaid expenditures	346,854	5,985	-	-	352,839
Reserved for inventory	-	190,280	-	-	190,280
Reserved for debt service	-	-	-	23,650	23,650
Reserved for incurred but not reported insurance benefits	222,300	-	-	-	222,300
Unreserved					
Designated for capital projects	-	-	-	253,765	253,765
Designated for bus purchases	-	496,000	-	-	496,000
Undesignated	1,793,448	1,440,735	-	-	3,234,183
Total fund balance	<u>2,362,602</u>	<u>2,133,000</u>	<u>-</u>	<u>277,415</u>	<u>4,773,017</u>
Total liabilities and fund balance	<u>\$ 3,746,257</u>	<u>\$ 7,447,785</u>	<u>\$ 918,356</u>	<u>\$ 413,469</u>	<u>\$12,525,867</u>

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets
June 30, 2008

Total fund balances for governmental funds **\$ 4,773,017**

Total net assets reported for governmental activities in the statement of net assets is different because:

Some long-term receivables are deferred in the funds since they are not current financial resources and therefore are not reported in the funds.

Deferred property taxes	149,628	
Deferred revenue for accounts receivable balances not collected within 60 days	118,143	
Deferred capital leases receivable	368,415	
Deferred interest costs from bond refunding	<u>37,839</u>	674,025

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Those assets consist of:

Land	\$ 581,140	
Site improvements	187,833	
Buildings	13,974,931	
Building improvements	1,820,403	
Furniture and equipment	4,166,703	
Buses	3,608,931	
Other vehicles	412,235	
Less: accumulated depreciation	<u>(8,665,327)</u>	16,086,849

Long-term liabilities applicable to the School District's governmental activities are due and payable in the current period and accordingly are not reported as fund liabilities. Current-term liabilities balances as of June 30, 2008 are as follows:

Bonds payable	(329,410)	
Installment purchases agreements payable	(443,880)	
Accrued interest payable	<u>(269,574)</u>	(1,042,864)

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities balances as of June 30, 2008 are as follows:

Compensated absences payable	(1,219,600)	
Bonds payable - long-term portion	(4,203,350)	
Installment purchases agreements payable - long-term portion	(421,677)	
Incurred but not reported insurance benefits	<u>(222,300)</u>	(6,066,927)

Net assets of governmental activities **\$ 14,424,100**

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2008

	General Fund	Special Education Fund	Cooperative Education Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 2,300,900	\$11,521,648	\$ 21,622	\$ 223,299	\$ 14,067,469
Intergovernmental sources	1,895,699	4,126,577	-	-	6,022,276
State sources	2,572,275	10,004,306	122,522	16,380	12,715,483
Federal sources	1,707,112	8,742,171	7,319,378	534,796	18,303,457
Total revenues	<u>8,475,986</u>	<u>34,394,702</u>	<u>7,463,522</u>	<u>774,475</u>	<u>51,108,685</u>
Expenditures					
Current					
Education					
Instruction	40,272	6,931,567	3,054,475	-	10,026,314
Supporting services	6,754,101	17,153,545	3,459,906	-	27,367,552
Community services	1,607	2,871	364,726	-	369,204
Facilities acquisition	-	-	89,386	-	89,386
Food services	-	-	-	865,748	865,748
Capital outlay	82,114	621,411	74,802	115,581	893,908
Debt service	-	-	-	1,038,107	1,038,107
Intergovernmental payments	1,450,238	11,131,152	-	-	12,581,390
Total expenditures	<u>8,328,332</u>	<u>35,840,546</u>	<u>7,043,295</u>	<u>2,019,436</u>	<u>53,231,609</u>
Excess (deficiency) of revenues over expenditures	<u>147,654</u>	<u>(1,445,844)</u>	<u>420,227</u>	<u>(1,244,961)</u>	<u>(2,122,924)</u>
Other financing sources (uses)					
Transfers in	535,954	-	-	1,112,124	1,648,078
Transfers out	(554,040)	(673,811)	(420,227)	-	(1,648,078)
Total other financing sources (uses)	<u>(18,086)</u>	<u>(673,811)</u>	<u>(420,227)</u>	<u>1,112,124</u>	<u>-</u>
Net change in fund balance	129,568	(2,119,655)	-	(132,837)	(2,122,924)
Fund balance - beginning	<u>2,233,034</u>	<u>4,252,655</u>	<u>-</u>	<u>410,252</u>	<u>6,895,941</u>
Fund balance - ending	<u>\$ 2,362,602</u>	<u>\$ 2,133,000</u>	<u>\$ -</u>	<u>\$ 277,415</u>	<u>\$ 4,773,017</u>

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2008

Net change in fund balances - total governmental funds		\$(2,122,924)
Total change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense	(1,288,526)	
Capitalized capital outlay	633,584	
Gain (loss) on disposal of assets	<u>(1,581)</u>	(656,523)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		
Increase in deferred property taxes	114,036	
Increase in deferred charges for services not collected within 60 days	<u>118,143</u>	232,179
Payments on capital lease should not be included as revenue in the statement of activity		
Capital lease payment applied to receivable balance		(16,260)
Debt proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Repayments of long-term debt		830,321
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences payable	3,200	
Change in insurance benefits	(11,400)	
Change in accrued interest payable	(13,351)	
Amortization of deferred interest costs from bond refunding	<u>(37,840)</u>	<u>(59,391)</u>
Change in net assets of governmental activities		<u>\$(1,792,598)</u>

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Statement of Fiduciary Net Assets
June 30, 2008

	Private Purpose Trust Funds	Activity Funds	Total
Assets			
Cash and cash equivalents	\$ 44,302	\$ 64,073	\$ 108,375
Assets held by others	<u>285,870</u>	<u>-</u>	<u>285,870</u>
Total assets	<u>330,172</u>	<u>64,073</u>	<u>394,245</u>
Liabilities			
Due to agency fund activities	-	47,637	47,637
Due to other governmental units	<u>-</u>	<u>16,436</u>	<u>16,436</u>
Total assets	<u>-</u>	<u>64,073</u>	<u>64,073</u>
Net assets			
Reserved for endowments	<u>\$ 330,172</u>	<u>\$ -</u>	<u>\$ 330,172</u>

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Statement of Changes in Fiduciary Net Assets - Private Purpose Trust Funds
Year Ended June 30, 2008

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	<u>\$ 16,260</u>
Deductions	
Awards and grants	<u>36,944</u>
Change in net assets	(20,684)
Net assets - beginning	<u>350,856</u>
Net assets - ending	<u><u>\$ 330,172</u></u>

See Accompanying Notes to Basic Financial Statements

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Saginaw Intermediate School District conform to accounting principles generally accepted in the United States of America as applicable to school districts. The following is a summary of the significant accounting policies:

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Saginaw Intermediate School District Board of Education (Board) is the primary government which has oversight and coordination responsibility related to public school education in Saginaw County. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements since the Board members are elected by the 13 member districts, the governing body has separate legal standing and is fiscally independent of other governmental entities. As such, the Board has decision-making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations and financial accountability. The Board does not include any component unit within its general purpose financial statements.

DISTRICT-WIDE FINANCIAL STATEMENTS

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all non-fiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District's net assets resulting from current year activities.

FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The minimum number of funds is maintained consistent with legal and managerial requirements.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

GOVERNMENTAL FUNDS

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The governmental funds of the School District consist of the General Fund, Special Education Fund, Cooperative Education Fund, Food Service Fund, Debt Service Fund, and Capital Projects Funds. The General Fund, Special Education Fund and Cooperative Education Fund have been classified as major governmental funds. All other governmental funds are combined and reported as non-major funds.

The **General Fund** is used to record the general operations of the School District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure account. The School District maintains full control of these funds. The Special Revenue Funds maintained by the School District are the Special Education, Cooperative Education and Food Service funds. The annual operating deficit generated by Food Service is funded by transfers from the Special Education, Cooperative Education and General funds.

The **Debt Service Fund** is used to record tax and interest revenue and account for the payment of general long-term debt principal, interest and related cost for bonds and notes payable.

Capital Projects Funds are used to account for the acquisition of fixed assets of major capital projects not being financed by propriety or nonexpendable trust funds. The Capital Projects Funds maintained by the School District are the Transitions Center Fund and Saginet II Fund.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent.

Private purpose trust funds are used to account for funds entrusted to the School District and the principal, or corpus, of the trust and the income produced are expendable. They are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. The District maintains four private purpose trust funds.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

Society for Crippled Children - To record donations from the Society for Crippled Children to be used solely for the development and training of students in the community.

Memorial Escrow - To record bequests received in honor of students or student's relatives to enhance the building atmosphere.

Independence Park - To record donations received from various projects adopted by the students to develop a playground for the students.

Feige Trust - The School District received contributions from the Feige Estate for the purpose of the betterment of M. G. Millet Center.

Agency Fund is used to account for assets held by the School District as an agent, is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Activity Fund – This fund records the transactions of student clubs and organizations, and other groups.

BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The government-wide financial statements and the fiduciary fund financial statements are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a related liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

Modifications in the modified accrual basis of accounting from the accrual basis of accounting are as follows:

- a. Revenue are recognized when susceptible to accrual (i.e. when they become both measurable and available to finance operations), "Measurable" means the amount of the transactions can be determined. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days after year end.
- b. The State of Michigan allocates a foundation grant that provides for a specific annual amount of revenue per student based on a statewide formula. The foundation grant is funded from state and local sources. The School Aid Act and School Code of Michigan primarily govern revenues from state sources. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. The state revenue is recognized during the foundation period (currently the fiscal year) and was funded through payments from October 2007 to August 2008.
- c. Categorical state aid is earmarked for programs with a specific purpose. Categorical programs that require an accounting of expenditures incurred to the state recognize deferred revenue for unspent funds at the fiscal year end. Other categorical funding is recognized when the appropriation is received.
- d. Federal revenues are recognized as they become measurable and available to the District under terms of specific grants.
- e. Expenditures are recorded in the accounting period in which the fund liability is incurred, if measurable.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

- f. Accrued compensated absences and severance pay expected to be liquidated with expendable available resources are accrued in the appropriate governmental fund and the amount payable from future resources is recorded as long-term debt in the District Wide financial statements.
- g. The District has elected the reimbursement method of financing for unemployment benefits which requires reimbursement of all benefits charged against the District.

ASSETS, LIABILITIES AND EQUITY

Cash and investments – Cash and cash equivalents include cash on hand, demand deposits and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. See Note 3 for additional cash and investment information.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other trades receivable are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2008, the General Fund rate was 0.1442 per \$1,000 of taxable value. The Special Education rate was 1.9253 per \$1,000 of taxable value.

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 98% of the School District's tax roll lies within the County of Saginaw.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due primarily on or before September 14 and February 14. Collections are forwarded to the School District as collected by the assessing municipality. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and remitted to the School District by May 15.

Inventories - Items purchased for future use are recorded as inventory and charged to expenditure accounts when requisitioned for use. The General Fund inventory consists of the Hartley Outdoor Education Center's instructional supplies. The Special Education Fund inventory consists of bus parts. All of the above inventories are valued at cost, on a first-in, first-out (FIFO) basis.

Prepaid Expenditures - Items paid for in the current year that reflect costs applicable to future fiscal years are recorded as prepaid expenditures in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Site improvements	20 years
Buildings and improvements	10-50 years
Furniture and other equipment	5-20 years
Buses and other vehicles	8 years

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

Deferred Revenue - Property taxes not available to the District until a subsequent year (uncollected and not deemed collectible within 60 days after year end) are classified as deferred revenue. Receipts in excess of cost on special purpose grants are recorded as deferred revenue until spent or refunded to the grantor.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Other accounting policies are disclosed on the face of the general purpose financial statements or in other notes to the financial statements.

COMPARATIVE DATA

Comparative data is not included in the School District's financial statements.

ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

UPCOMING ACCOUNTING AND REPORTING CHANGES

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2010.

The Government Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses how to account for pollution remediation activities of the effects of existing pollution; it does not include prevention or control activities or remediation required upon the retirement of an asset. In general, the new rules will cause district-wide financial statements to recognize a liability on the current value of expected costs as estimated using the expected cash flows method. This statement is effective for the year ending June 30, 2009.

The Government Accounting Standards Board has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. In general, the new rules will cause district-wide financial statements to include intangible assets as capital assets. This statement is effective for the year ending June 30, 2010.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue funds on a basis consistent with accounting principles generally accepted in the United States of America prior to the expenditure of monies in a fiscal year. In addition, budgets are also adopted for the Debt Service, Capital Projects, and Food Service funds by the District's Board of Education.

The Board of Education adopts appropriations utilizing the modified-accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted by fund on a functional basis. A district is not considered to be in violation of the Act if reasonable procedures are in use by the district to detect violations.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the goods or services have not been received as of year end. Those commitments are reencumbered against subsequent year appropriations.

Saginaw Intermediate School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The District's Superintendent submits to the Board of Education a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.

3. The Superintendent is authorized to transfer budgeted amounts between functions within any fund to meet emergency needs of the District. Such transfers must be approved by the Board of Education on the functional level at its next regularly scheduled meeting in the form of an appropriation amendment.
4. Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.
5. Appropriations lapse at year end unless related to an encumbrance, in which case they are carried over and added to subsequent year appropriations.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District incurred expenditures in excess of budget in the General and Special Revenue Funds. Excess expenditures in these funds occurred in the following areas:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
Instruction			
Basic programs - preschool	\$ 40,072	\$ 40,272	\$ 200
Special Education Fund			
Supporting services			
Transportation	4,687,073	4,868,137	181,064
Cooperative Education Fund			
Supporting services			
School administration	68,800	72,160	3,360
Business	56,886	57,566	680
Operations and maintenance	658,401	663,470	5,069
Transportation	195,749	209,356	13,607
Central staff	132,315	135,294	2,979
Community services			
Community activities	23,337	27,656	4,319
Food Service Fund			
Supporting services			
Food Services	836,705	865,748	29,043

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 2,637,596	\$ 108,375	\$ 2,745,971
Investments	65,213	-	65,213
	<u>\$ 2,702,809</u>	<u>\$ 108,375</u>	<u>\$ 2,811,184</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits:

Checking and savings accounts	\$ 1,281,673
Money market accounts	1,295,637
Certificates of deposit	168,521
Investments in securities	65,213
Petty cash	140
Total	<u>\$ 2,811,184</u>

As of June 30, 2008, the District had the following investments:

Investment	Maturities	Fair Value
Federal National Mortgage Association	8 yrs., 5 mos.	\$ 33,021
U.S. Treasury Note	10 months	32,192
		<u>\$ 65,213</u>

As of June 30, 2008, the District's investments were all rated AAA by Standard and Poor's.

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the maturity of its investments within each investment category.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The District's investment policy establishes limits on the amount of investment in any one issuer within each investment category as well as within the investment portfolio as a whole.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The carrying amount of the District's deposits with financial institutions as of June 30, 2008 was \$2,731,967. The actual bank balances amounted to \$3,606,273. Of this amount, \$436,291 was insured by FDIC and \$3,169,982 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

The Due From Other Governmental Units balance as of June 30, 2008, consisted of the following:

	General	Special Education	Cooperative Education	Other Governmental Funds	Total
Federal grants	\$ 441,270	\$ 1,845,864	\$ 796,817	\$ 11,084	\$ 3,095,035
State Aid	432,720	1,855,448	-	-	2,288,168
State grants	35,906	-	69,705	-	105,611
Services provided local districts	262,987	973,059	-	69,303	1,305,349
Capital lease receivable	-	368,415	-	-	368,415
Other	22,942	344	-	-	23,286
Governmental funds subtotal	<u>\$ 1,195,825</u>	<u>\$ 5,043,130</u>	<u>\$ 866,522</u>	<u>\$ 80,387</u>	<u>\$ 7,185,864</u>

The capital lease receivable is a long-term note receivable, as discussed below in Note 5. All other balances are current and were received within the following year.

NOTE 5 – CAPITAL LEASES RECEIVABLE

The District sold a parking lot at its transportation location that it had constructed at a total cost of \$439,845 under a capital lease agreement. This cost is being paid by the lessee in annual installments over a 20 year period ending March 18, 2023, with interest being charged at a rate of 5%. During the current year, the District received a payment of \$35,494, which included \$19,234 of interest. The carrying value of the receivable at June 30, 2008 is \$368,415, with lease payments as follows:

Fiscal Year Ended	Principal	Interest	Total
2009	\$ 17,073	\$ 18,421	\$ 35,494
2010	17,927	17,567	35,494
2011	18,823	16,671	35,494
2012	19,764	15,730	35,494
2013	20,753	14,741	35,494
2014 - 2018	120,405	57,065	177,470
2019 - 2023	153,670	23,800	177,470
	<u>\$ 368,415</u>	<u>\$ 163,995</u>	<u>\$ 532,410</u>

NOTE 6 - CAPITAL ASSETS

A summary of the changes in governmental capital assets during the year ended June 30, 2008 follows:

	Balance July 1, 2007	Additions	Retirements and Disposals	Balance June 30, 2008
Assets not being depreciated				
Land	\$ 581,140	\$ -	\$ -	\$ 581,140
Depreciable capital assets				
Site Improvements	187,833	-	-	187,833
Buildings and improvements	15,728,544	66,790	-	15,795,334
Furniture and equipment	4,161,381	5,322	-	4,166,703
Buses and other vehicles	3,672,285	561,472	212,591	4,021,166
Subtotal	<u>24,331,183</u>	<u>633,584</u>	<u>212,591</u>	<u>24,752,176</u>
Accumulated Depreciation				
Site Improvements	57,511	7,513	-	65,024
Buildings and improvements	3,904,004	306,683	-	4,210,687
Furniture and equipment	1,736,178	522,681	211,010	2,047,849
Buses and other vehicles	1,890,118	451,649	-	2,341,767
Subtotal	<u>7,587,811</u>	<u>1,288,526</u>	<u>211,010</u>	<u>8,665,327</u>
Net Capital Assets	<u>\$ 16,743,372</u>	<u>\$ (654,942)</u>	<u>\$ 1,581</u>	<u>\$ 16,086,849</u>

Depreciation expense was charged to the following governmental functions:

Instruction	\$ 234,095
Supporting services	1,052,507
Food services	1,924
Total depreciation expense	<u>\$ 1,288,526</u>

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Individual interfund receivable and payable balances at June 30, 2008 were:

Fund	Receivables	Payables
General	\$ 1,469,544	\$ -
Special Revenue		
Special Education	-	820,860
Cooperative Education	-	769,276
Food Service	-	85,428
Debt Service	-	47,745
Capital Projects	253,765	-
	<u>\$ 1,723,309</u>	<u>\$ 1,723,309</u>

These interfund balances are a result of normal operating activities at fiscal year end, and management does not anticipate individual interfund balances to remain outstanding in excess of one year.

Interfund transfers were made during the year ended June 30, 2008. Transfers from the General Fund consisted of \$118,251 to the Food Service Fund to cover the costs of that program, \$184,609 to the Capital Projects Funds for the Transitions Center expansion project, and \$251,180 to Debt Service Funds to cover current year bond payments. The Special Education fund transferred \$14,372 to the Food Service Fund to cover the costs of that program that were in excess of the revenues it generated, \$118,000 and \$294,890 to the Debt Service Fund for its share of bond payments for the construction of the SISD Transitions Center and for payments on the bus purchase installment purchase agreements, respectively, and \$246,549 to the General Fund for its share of administrative/finance costs. The Cooperative Education fund transferred \$130,763 to the Food Service Fund to cover the costs of that program that were in excess of the revenues it generated and \$289,464 to the General Fund for its share of administrative/finance costs.

NOTE 8 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Deferred property taxes	\$ 149,628	\$ -
Deferred capital lease receivable	368,415	-
Grant, categorical, and other payments received prior to meeting all eligibility requirements	118,143	844,016
Total	<u>\$ 636,186</u>	<u>\$ 844,016</u>

NOTE 9 - LONG TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

The following summarizes long-term debt activity for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amount Due Within One Year
Compensated absences	\$ 1,222,800	\$ 615,700	\$ 618,900	\$1,219,600	\$ -
General Obligation bonds	3,640,000	-	215,000	3,425,000	225,000
Installment purchase agreements for the SAGINET project - 4.86% agreements are due quarterly and run through June 2009	219,204	-	195,321	23,883	23,883
Installment purchase agreements for bus purchases - 2.25% to 2.975% agreements are due annually and run through January 2009	560,000	-	280,000	280,000	280,000
Installment purchase agreements for the SAGINET II project - 4.19% due annually through September 2011.	701,674	-	140,000	561,674	140,000
Durant state commitment bond payable - 4.76% due 5/15/2013	1,107,760	-	-	1,107,760	104,410
Deferred interest costs - bond refunding	(75,679)	-	(37,840)	(37,839)	(37,839)
	<u>\$ 7,375,759</u>	<u>\$ 615,700</u>	<u>\$ 1,411,381</u>	<u>\$ 6,580,078</u>	<u>\$ 735,454</u>

General obligation bonds payable at June 30, 2008 consists of the following:

\$3,365,000 school building and site bonds due in annual installments of \$135,000 to \$145,000 through May 1, 2009, interest at 5.25%	\$ 145,000
\$1,100,000 school building and site bonds due in annual installments of \$55,000 to \$80,000 through May 1, 2020, interest at 4.20% to 5.00%	820,000
\$2,535,000 refunding bonds due in annual installments of \$25,000 to \$275,000 through May 1, 2020, interest at 3.50% to 4.25%	<u>2,460,000</u>
Total general obligation bonded debt	<u>\$ 3,425,000</u>

The General Obligation School Building and Site Bonds will be paid from future allocated property tax millages that have been pledged to this project. The Durant Bond is payable from anticipated state aid payments under Section 11g(3) of Act 94.

Future principal and interest requirements for the bonded debt are as follows:

Fiscal Year Ended	Principal	Interest	Total
2009	\$ 329,410	\$ 170,288	\$ 499,698
2010	344,377	154,520	498,897
2011	893,189	360,421	1,253,610
2012	375,035	126,021	501,056
2013	390,749	110,293	501,042
2014 - 2018	1,505,000	343,742	1,848,742
2019 - 2020	695,000	44,350	739,350
	<u>\$ 4,532,760</u>	<u>\$ 1,309,635</u>	<u>\$ 5,842,395</u>

The District defeased term bonds from the 2000 School Building and Site issue that are callable on May 1, 2009. The proceeds from the 2005 Refunding Bonds that were issued were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent. These investments and the fixed earnings from these investments are sufficient to provide debt service payments on the defeased term bonds until they are called on May 1, 2009. As a result, those bonds are considered defeased and the liability for the bonds has been removed from the District's long-term obligations. As of June 30, 2008, \$2,330,000 of defeased debt is outstanding but removed from the government-wide financial statements.

The installment purchase agreements for SAGINET will be paid by the 12 participating local education associations by the end of next fiscal year. The cost of the project has been paid in advance by the District.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

Future principal and interest requirements for the SAGINET project are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008-09	\$ 23,883	\$ 446	\$ 24,329

The installment purchase agreements used to purchase school buses will be repaid by the District with special education State Aid received over the next year. Future principal and interest requirements for the bus agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008-09	\$ 280,000	\$ 7,460	\$ 287,460

The installment purchase agreements for SAGINET II will be paid by the 12 participating local education associations over the next six years. The cost of the project has been paid in advance by the District. Future principal and interest requirements for the SAGINET II project are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008-09	\$ 140,000	\$ 23,534	\$ 163,534
2009-10	140,000	17,668	157,668
2010-11	140,000	11,802	151,802
2011-12	141,674	5,936	147,610
	<u>\$ 561,674</u>	<u>\$ 58,940</u>	<u>\$ 620,614</u>

During the fiscal year ended June 30, 2008, the District paid \$206,987 of interest on debt in the Debt Service Funds.

COMPENSATED ABSENCES

Sick days are earned by most employees at the rate of 12 to 15 days per year and may be accumulated up to 90 to 105 days, dependent on their contract. Employees are paid for one half or all of their accumulated sick days, dependent on their contract, at the rate determined by their job category. The estimated liability for these benefits at June 30, 2008 is \$862,600.

Vacation days are earned according to the bargaining unit and length of service applicable to each employee. The amount of days an employee may accumulate is dependent on their contract and varies from 10 to an unlimited number. Unused vacation days are payable to the employee, at their daily rate, upon termination. The estimated liability for these benefits at June 30, 2008 is \$357,000.

Accrued compensated absences as of June 30, 2008 total \$1,219,600. The entire amount is considered long-term as the amount expended each year is expected to be offset by the amount earned for the year. Compensated absences are paid by the fund that pays the salaries related to that employee.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District's unemployment compensation expense for the year ended June 30, 2008 was \$56,194. No provision has been made for possible future claims.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

The District carries commercial insurance for a portion of medical, dental, vision and pharmacy benefits paid on behalf of its employees. The District is also self insured for a portion of these benefits. Self insurance payments made to the plan administrator are based on the estimated claims expected to be incurred.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims. The District maintains an excess coverage policy for individual claims that exceed the plan limits. Settlements have not exceeded coverage for each of the past three fiscal years. Changes in balances of claims liabilities over the past two years are as follows:

Unpaid claims, July 1, 2006	\$ 191,300
Incurred claims (including IBNRs)	1,555,500
Claim Payments	<u>(1,535,900)</u>
Unpaid claims, July 1, 2007	210,900
Incurred claims (including IBNRs)	1,617,100
Claim Payments	<u>(1,605,700)</u>
Unpaid claims, June 30, 2008	<u>\$ 222,300</u>

In addition, the District has purchased commercial insurance for worker's compensation claims.

There has been no significant change in the levels of insurance carried by the District in the past years and no claims in excess of insured limits for the last three years.

NOTE 11 - DEFINED BENEFIT PENSION PLAN

Plan Description

The District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. The report provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing to:

Office of Retirement Systems
P.O. Box 30171
Lansing, Michigan 48909-7671
800-381-5111

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries. A member may retire after reaching the age of 55 with 30 or more years of credited services or at age 60 with 10 or more years of credited service.

A Member Investment Plan (MIP) member may retire at any age with 30 years of credited service; at age 60 with 10 or more years of credited service; or, at age 60 with 5 years of credited service provided the member has worked though his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the pension effective date.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

Benefits vest after 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. Pension provisions include death and disability benefits.

Employees who retire after reaching the above mentioned requirements are entitled to 1 1/2 percent of their final average compensation multiplied by the number of years of credited service.

Funding Policy

The District is required by State statute to contribute to MPSERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2005 through June 30, 2008.

	2008	2007	2006
Funding percentage range	16.72-17.74%	16.34-17.74%	14.87-16.34%
Total payroll	\$ 18,802,870	\$ 17,542,177	\$ 15,761,345
Total covered payroll	18,758,515	17,494,223	15,838,523
District contributions	3,169,977	3,061,070	2,543,066
Employee MIP contributions	576,719	534,759	462,985
Tax deferred payment program	123,071	85,150	91,719
Portion of District contribution covering health, dental and vision benefits	39%	37%	40%

Ten-year historical trend information is presented in the September 30, 2007 MPSERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2007, the latest date for which information is

available, approximates \$ 49.1 billion and \$ 43.0 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2007.

POST EMPLOYMENT BENEFITS

In addition to the pension benefits described above, all retirees that participate in the MPSERS pension plan have the option of receiving post-retirement health care, dental, and vision coverage for themselves and their beneficiaries through MPSERS. A significant portion of the premium is paid by MPSERS with the balance deducted from the retiree's monthly pension.

Expenditures for these benefits are recognized on a cash disbursement basis. The District's required contributions for these post employment health care benefits are included as part of its total contribution to the MPSERS plan, as discussed earlier. During the year ended September 30, 2007, statewide expenditures of \$ 653.6 million were recognized for post-retirement health care, dental and vision. This represented approximately 18% of the total expenditures of the Michigan Public School Employees Retirement System.

NOTE 12 - FUND EQUITY

Reservations of fund balances are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Reserved for prepaid expenditures - This reserve was created to indicate the portion of fund balance already expended and is not available for appropriation and expenditure.

Saginaw Intermediate School District
Notes to Basic Financial Statements
June 30, 2008

Reserved for inventory - This reserve was created to indicate that the portion of fund balance represented by inventories is not available for appropriation and expenditure.

Reserved for debt service - This reserve was created to indicate a portion of the fund balance account for debt service, including both principal and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Reserved for incurred but not reported insurance benefits – This reservation was created to indicate funds set aside to cover insurance claims.

Reserved for endowments - This reserve was created to restrict the use of the expendable resources contributed to endowments in the Expendable Trust Funds. These restrictions are mandated by donor agreements.

Specific designations of fund balance include the following:

Designated for capital projects - This designation was created to indicate funds remaining in the capital projects funds for those projects that are in progress at the close of the fiscal year.

Designated for bus purchases – This designation was created to indicate funds that were encumbered at fiscal year end for the purchase of 6 school buses in July, 2008.

NOTE 13 - CONTINGENCIES AND COMMITMENTS

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

The District is the defendant in various law suits. In the opinion of counsel there is insufficient information to determine the outcome or the financial consequences, if any, of the litigation. No liability or reserve has been estimated for any potential claims.

NOTE 14 – ASSETS HELD BY OTHERS

The District has a total of \$285,870 held in endowment with the Saginaw Community Foundation for the District's benefit that is reflected in the Statement of Fiduciary Net Assets as "Assets held by others".

REQUIRED SUPPLEMENTAL INFORMATION

Saginaw Intermediate School District
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2008

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local	\$ 1,681,629	\$ 2,427,140	\$ 2,300,900	\$ (126,240)
Intergovernmental	2,212,531	1,881,886	1,895,699	13,813
State	3,089,220	3,042,387	2,572,275	(470,112)
Federal	1,321,196	2,034,850	1,707,112	(327,738)
Other financing sources - operating transfers	539,290	539,262	535,954	(3,308)
Total revenues and other sources	8,843,866	9,925,525	9,011,940	(913,585)
Expenditures and other uses				
Instruction				
Basic programs - preschool	3,000	40,072	40,272	200
Supporting services				
Pupil	101,738	23,703	21,660	(2,043)
Instructional staff	3,218,116	3,713,311	3,052,802	(660,509)
General administration	595,082	669,384	572,214	(97,170)
Business	829,706	860,911	815,633	(45,278)
Operations and maintenance	617,735	721,919	652,705	(69,214)
Central staff	1,510,807	1,706,134	1,619,363	(86,771)
Transportation	102,768	112,768	19,724	(93,044)
Community services	14,692	2,554	1,607	(947)
Intergovernmental payments	1,191,342	1,584,917	1,450,238	(134,679)
Capital outlay	139,296	108,500	82,114	(26,386)
Other financing uses - operating transfers	581,020	567,823	554,040	(13,783)
Total expenditures and other uses	8,905,302	10,111,996	8,882,372	(1,229,624)
Net change in fund balance	(61,436)	(186,471)	129,568	316,039
Fund balance - beginning	2,233,034	2,233,034	2,233,034	-
Fund balance - ending	\$ 2,171,598	\$ 2,046,563	\$ 2,362,602	\$ 316,039

Saginaw Intermediate School District
Required Supplemental Information
Budgetary Comparison Schedule - Special Education Fund
Year Ended June 30, 2008

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local	\$ 12,099,573	\$ 11,817,188	\$ 11,521,648	\$ (295,540)
Intergovernmental	4,314,220	4,242,491	4,126,577	(115,914)
State	10,453,436	10,022,814	10,004,306	(18,508)
Federal	9,001,839	8,938,592	8,742,171	(196,421)
Total revenues and other sources	<u>35,869,068</u>	<u>35,021,085</u>	<u>34,394,702</u>	<u>(626,383)</u>
Expenditures and other uses				
Instruction				
Special education	6,737,025	7,184,037	6,931,567	(252,470)
Supporting services				
Pupil	7,029,847	7,648,044	7,422,336	(225,708)
Instructional staff	2,724,600	2,574,557	2,453,012	(121,545)
General administration	245,492	233,882	226,937	(6,945)
School administration	147,758	185,384	164,302	(21,082)
Business	139,564	145,961	130,112	(15,849)
Operations and maintenance	1,706,988	1,801,071	1,657,172	(143,899)
Transportation	4,420,266	4,687,073	4,868,137	181,064
Central staff	340,696	242,242	231,537	(10,705)
Community services	3,600	3,600	2,871	(729)
Capital outlay	606,815	641,523	621,411	(20,112)
Intergovernmental payments	11,761,879	11,670,610	11,131,152	(539,458)
Other financing uses - operating transfers	695,349	678,498	673,811	(4,687)
Total expenditures and other uses	<u>36,559,879</u>	<u>37,696,482</u>	<u>36,514,357</u>	<u>(1,182,125)</u>
Net change in fund balance	(690,811)	(2,675,397)	(2,119,655)	555,742
Fund balance - beginning	<u>4,252,655</u>	<u>4,252,655</u>	<u>4,252,655</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,561,844</u>	<u>\$ 1,577,258</u>	<u>\$ 2,133,000</u>	<u>\$ 555,742</u>

Saginaw Intermediate School District
Required Supplemental Information
Budgetary Comparison Schedule - Cooperative Education Fund
Year Ended June 30, 2008

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local	\$ 75,000	\$ 61,386	\$ 21,622	\$ (39,764)
State	118,800	122,400	122,522	122
Federal	6,911,858	7,417,027	7,319,378	(97,649)
Total revenues and other sources	<u>7,105,658</u>	<u>7,600,813</u>	<u>7,463,522</u>	<u>(137,291)</u>
Expenditures and other uses				
Instruction				
Compensatory education	3,236,724	3,134,503	3,054,475	(80,028)
Supporting services				
Pupil	1,130,714	1,108,069	1,091,350	(16,719)
Instructional staff	902,590	1,219,611	1,201,342	(18,269)
General administration	28,384	37,500	29,368	(8,132)
School administration	61,337	68,800	72,160	3,360
Business	73,710	56,886	57,566	680
Operations and maintenance	581,521	658,401	663,470	5,069
Transportation	193,728	195,749	209,356	13,607
Central staff	103,120	132,315	135,294	2,979
Community services				
Community activities	23,880	23,337	27,656	4,319
Care of children	293,015	329,180	324,606	(4,574)
Other community services	25,230	12,845	12,464	(381)
Facilities Acquisition	-	89,386	89,386	-
Capital outlay	3,447	74,826	74,802	(24)
Other financing uses - operating transfers	448,258	459,405	420,227	(39,178)
Total expenditures and other uses	<u>7,105,658</u>	<u>7,600,813</u>	<u>7,463,522</u>	<u>(137,291)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SUPPLEMENTAL INFORMATION

Saginaw Intermediate School District
Other Supplemental Information
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2008

	Nonmajor Funds			
	Food Service	Saginet Debt Service Fund	Transitions Center Capital Projects Fund	Total
Assets				
Cash and cash equivalents	\$ -	\$ 2,092	\$ -	\$ 2,092
Due from other governmental units	11,084	69,303	-	80,387
Due from other funds	-	-	253,765	253,765
Prepaid expenditures	77,225	-	-	77,225
Total assets	<u>\$ 88,309</u>	<u>\$ 71,395</u>	<u>\$ 253,765</u>	<u>\$ 413,469</u>
Liabilities and Fund Balance				
Liabilities				
Due to other funds	\$ 85,428	\$ 47,745	\$ -	\$ 133,173
Accrued expenditures	2,881	-	-	2,881
Total liabilities	<u>88,309</u>	<u>47,745</u>	<u>-</u>	<u>136,054</u>
Fund Balance				
Reserved				
Reserved for debt service	-	23,650	-	23,650
Unreserved				
Designated for capital projects	-	-	253,765	253,765
Total fund balance	<u>-</u>	<u>23,650</u>	<u>253,765</u>	<u>277,415</u>
Total liabilities and fund balance	<u>\$ 88,309</u>	<u>\$ 71,395</u>	<u>\$ 253,765</u>	<u>\$ 413,469</u>

Saginaw Intermediate School District
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Nonmajor Funds						
		Debt Service Funds			Capital Projects Funds		
	Food Service	Transition Center	Saginet	Bus Purchases	Transition Center	Saginet II	Total
Revenues and other sources							
Local	\$ 51,126	\$ 78	\$ 172,095	\$ -	\$ -	\$ -	\$ 223,299
State	16,380	-	-	-	-	-	16,380
Federal	534,796	-	-	-	-	-	534,796
Other financing sources - operating transfers	263,446	368,882	297	294,890	181,728	2,881	1,112,124
Total revenues and other sources	865,748	368,960	172,392	294,890	181,728	2,881	1,886,599
Expenditures and other uses							
Food service	865,748	-	-	-	-	-	865,748
Debt service	-	368,960	374,257	294,890	-	-	1,038,107
Capital projects	-	-	-	-	32,820	82,761	115,581
Total expenditures	865,748	368,960	374,257	294,890	32,820	82,761	2,019,436
Net change in fund balance	-	-	(201,865)	-	148,908	(79,880)	(132,837)
Fund balance - beginning	-	-	225,515	-	104,857	79,880	410,252
Fund balance - ending	\$ -	\$ -	\$ 23,650	\$ -	\$ 253,765	\$ -	\$ 277,415

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GENERAL FUND

The General Fund is used to record the general operations of the School District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

**Saginaw Intermediate School District
Other Supplemental Information
General Fund
Comparative Balance Sheet**

	June 30,	
	2008	2007
Assets		
Cash and cash equivalents	\$ 651,659	\$ 2,466,693
Accounts receivable	72,085	12,406
Taxes receivable	10,290	3,963
Due from other governmental units	1,195,825	980,312
Due from other funds	1,469,544	-
Prepaid expenditures	346,854	228,017
Total assets	<u>\$ 3,746,257</u>	<u>\$ 3,691,391</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 295,398	\$ 328,365
Due to other governmental units	112,986	135,881
Due to other funds	-	320,631
Accrued expenditures	170,573	154,342
Deferred revenue	804,698	519,138
Total liabilities	<u>1,383,655</u>	<u>1,458,357</u>
Fund Balance		
Reserved		
Reserved for prepaid expenditures	346,854	228,017
Reserved for incurred but not reported insurance benefits	222,300	210,900
Unreserved		
Undesignated	<u>1,793,448</u>	<u>1,794,117</u>
Total fund balance	<u>2,362,602</u>	<u>2,233,034</u>
Total liabilities and fund balance	<u>\$ 3,746,257</u>	<u>\$ 3,691,391</u>

Saginaw Intermediate School District
Other Supplemental Information
General Fund
Statement of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources			
Property tax levy	\$ 727,572	\$ 729,433	\$ 1,861
Interest on investments	70,000	68,718	(1,282)
Birth-5 contributions	196,659	141,351	(55,308)
Hartley camp rental	317,446	323,878	6,432
Hartley fundraising	82,286	83,737	1,451
Print shop revenues	195,000	213,826	18,826
Fingerprinting charges	163,000	175,089	12,089
ECIC - Great Start	144,367	95,429	(48,938)
Professional development center revenue	69,500	69,189	(311)
Beverage consortium	37,827	38,787	960
Other local revenues	423,483	361,463	(62,020)
Total revenue from local sources	2,427,140	2,300,900	(126,240)
Revenue from intergovernmental sources	1,881,886	1,895,699	13,813
Revenue from state sources			
State aid	2,775,366	2,307,971	(467,395)
Health grant	59,811	59,811	-
Great Parents, Great Start	127,311	119,811	(7,500)
ASAP pie	50,633	55,263	4,630
Other grants	29,266	29,419	153
Total revenue from state sources	3,042,387	2,572,275	(470,112)
Revenue from federal sources			
Drug Free	136,105	134,276	(1,829)
Title I	107,524	81,364	(26,160)
Title I - High Priority Schools	334,967	253,873	(81,094)
Reading First	257,969	228,001	(29,968)
Partnership in Character Education Grant	344,958	247,820	(97,138)
Workforce Investment Act Grant	830,096	741,632	(88,464)
Other grants	23,231	20,146	(3,085)
Total revenue from federal sources	2,034,850	1,707,112	(327,738)
Other financing sources - operating transfers in	539,262	535,954	(3,308)
Total revenues and other financing sources	<u>\$ 9,925,525</u>	<u>\$ 9,011,940</u>	<u>\$ (913,585)</u>

Saginaw Intermediate School District
Other Supplemental Information
General Fund

Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Instructional services			
Basic programs - preschool			
Salaries	\$ 25,250	\$ 25,250	\$ -
Employee benefits	13,037	13,237	200
Purchased services	1,698	1,698	-
Supplies and materials	87	87	-
Total Instructional services	<u>40,072</u>	<u>40,272</u>	<u>200</u>
Supporting services			
Pupil services			
Salaries	11,567	12,024	457
Employee benefits	6,136	6,302	166
Purchased services	4,500	1,533	(2,967)
Supplies and materials	1,500	1,801	301
	<u>23,703</u>	<u>21,660</u>	<u>(2,043)</u>
Instructional staff			
Salaries	1,248,058	1,210,163	(37,895)
Employee benefits	526,027	490,159	(35,868)
Purchased services	1,586,219	998,826	(587,393)
Supplies and materials	326,181	326,630	449
Other	26,826	27,024	198
	<u>3,713,311</u>	<u>3,052,802</u>	<u>(660,509)</u>
General administration			
Salaries	329,610	271,802	(57,808)
Employee benefits	112,029	103,656	(8,373)
Purchased services	175,245	149,477	(25,768)
Supplies and materials	28,500	27,218	(1,282)
Other	24,000	20,061	(3,939)
	<u>669,384</u>	<u>572,214</u>	<u>(97,170)</u>

Saginaw Intermediate School District
Other Supplemental Information
General Fund
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
Business services			
Salaries	\$ 504,017	\$ 501,163	\$ (2,854)
Employee benefits	216,144	217,117	973
Purchased services	50,650	34,842	(15,808)
Supplies and materials	70,100	52,300	(17,800)
Other	20,000	10,211	(9,789)
	<u>860,911</u>	<u>815,633</u>	<u>(45,278)</u>
Operation and maintenance			
Salaries	142,610	144,006	1,396
Employee benefits	63,006	58,295	(4,711)
Purchased services	340,443	293,117	(47,326)
Supplies and materials	175,860	157,287	(18,573)
	<u>721,919</u>	<u>652,705</u>	<u>(69,214)</u>
Central staff			
Salaries	774,788	788,728	13,940
Employee benefits	328,897	330,084	1,187
Purchased services	546,739	445,989	(100,750)
Supplies and materials	39,721	38,777	(944)
Other	15,989	15,785	(204)
	<u>1,706,134</u>	<u>1,619,363</u>	<u>(86,771)</u>
Transportation			
Purchased services	110,668	17,482	(93,186)
Supplies and materials	2,100	2,242	142
	<u>112,768</u>	<u>19,724</u>	<u>(93,044)</u>
Total supporting services	<u>7,808,130</u>	<u>6,754,101</u>	<u>(1,054,029)</u>

Saginaw Intermediate School District
Other Supplemental Information
General Fund
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
Community services			
Supplies and materials	\$ 2,554	\$ 1,607	\$ (947)
Total community services	<u>2,554</u>	<u>1,607</u>	<u>(947)</u>
Intergovernmental	<u>1,584,917</u>	<u>1,450,238</u>	<u>(134,679)</u>
Capital outlay			
Supporting services			
Instructional staff	22,000	22,407	407
General administration	1,500	546	(954)
Business services	6,500	5,447	(1,053)
Operation and maintenance	1,000	35	(965)
Central Staff	76,000	53,679	(22,321)
Building Improvements	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
	<u>108,500</u>	<u>82,114</u>	<u>(26,386)</u>
Other financing uses			
Operating transfers out	<u>567,823</u>	<u>554,040</u>	<u>(13,783)</u>
Total expenditures and other financing uses	<u><u>\$ 10,111,996</u></u>	<u><u>\$ 8,882,372</u></u>	<u><u>\$ (1,229,624)</u></u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District presently maintains a Special Education Fund, Cooperative Education Fund and Food Service Fund.

The Food Service Fund consists of those activities concerned with providing food to pupils and staff in a school or school system.

The Special Education Fund consists of those activities involved in operating the programs necessary to provide for the education of students identified as needing special education services.

The Cooperative Education Fund consists of the Head Start, Saginaw Valley Regional 4C and Michigan School Readiness Programs. Those activities are involved in operating a comprehensive child development program which serves children from age 3 to age 5 and their families, with the overall goal of increasing the school readiness of young children in low-income families and fostering their healthy development. As a Head Start grantee, Saginaw ISD provides a range of individualized service in the areas of education and early childhood development; medical, dental, and mental health; nutrition; and parent involvement. The Saginaw Valley Regional 4C program promotes high quality child care programs through education and referrals and coordinates community resources that meet the needs of the child care consumers in mid-Michigan.

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Food Service
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2008

	Budget	Actual	Over (Under) Final Budget
Revenues			
Local sources	\$ 33,125	\$ 51,126	\$ 18,001
State sources	16,380	16,380	-
Federal sources	496,010	534,796	38,786
Total revenues	<u>545,515</u>	<u>602,302</u>	<u>56,787</u>
Expenditures			
Food services			
Salaries	91,528	89,237	(2,291)
Employee benefits	39,175	45,272	6,097
Purchased services	645,202	663,346	18,144
Supplies and materials	57,500	64,779	7,279
Capital outlay	3,300	3,114	(186)
Total expenditures	<u>836,705</u>	<u>865,748</u>	<u>29,043</u>
Excess (deficiency) of revenues over expenditures	(291,190)	(263,446)	27,744
Other financing sources (uses)			
Operating transfers in	<u>291,190</u>	<u>263,446</u>	<u>(27,744)</u>
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Special Education
Statement of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources			
Property tax levy	\$ 9,822,134	\$ 9,807,483	\$ (14,651)
Interest on investments	70,000	84,082	14,082
Medicaid reimbursement	1,749,500	1,460,138	(289,362)
Miscellaneous	175,554	169,945	(5,609)
Total revenue from local sources	11,817,188	11,521,648	(295,540)
Revenue from intergovernmental sources	4,242,491	4,126,577	(115,914)
Revenue from state sources			
Membership state aid	4,016,311	4,016,311	-
Categorical state aid	4,723,435	4,705,522	(17,913)
Millage equalization	1,149,977	1,148,940	(1,037)
FICA reimbursement	133,091	133,533	442
Total revenue from state sources	10,022,814	10,004,306	(18,508)
Revenue from federal sources			
IDEA Flowthrough	7,968,175	7,861,219	(106,956)
IDEA Preschool Incentive	293,493	291,027	(2,466)
Medicaid reimbursement	274,150	245,827	(28,323)
State Initiated grants	145,000	126,780	(18,220)
Infant/Toddler Formula	212,521	209,746	(2,775)
Other federal grants	45,253	7,572	(37,681)
Total revenue from federal sources	8,938,592	8,742,171	(196,421)
Total revenues	<u>\$ 35,021,085</u>	<u>\$ 34,394,702</u>	<u>\$ (626,383)</u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Special Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Instruction			
Special education			
Salaries	\$ 3,831,232	\$ 3,671,060	\$ (160,172)
Employee benefits	1,976,535	1,885,509	(91,026)
Purchased services	802,225	811,039	8,814
Supplies and materials	57,265	45,019	(12,246)
Other	516,780	518,940	2,160
Total instruction	7,184,037	6,931,567	(252,470)
Supporting services			
Pupil services			
Salaries	4,715,835	4,547,554	(168,281)
Employee benefits	1,961,329	1,853,256	(108,073)
Purchased services	863,157	932,717	69,560
Supplies and materials	107,523	88,809	(18,714)
Other	200	-	(200)
	7,648,044	7,422,336	(225,708)
Instructional staff			
Salaries	1,400,759	1,370,979	(29,780)
Employee benefits	579,769	534,481	(45,288)
Purchased services	526,390	500,476	(25,914)
Supplies and materials	60,189	41,352	(18,837)
Other	7,450	5,724	(1,726)
	2,574,557	2,453,012	(121,545)
General administration			
Salaries	20,758	18,373	(2,385)
Employee benefits	6,624	5,339	(1,285)
Purchased services	206,500	203,225	(3,275)
	233,882	226,937	(6,945)

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Special Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
School administration			
Salaries	\$ 116,760	\$ 108,780	\$ (7,980)
Employee benefits	51,274	42,302	(8,972)
Purchased services	11,100	7,552	(3,548)
Supplies and materials	5,450	5,233	(217)
Other	800	435	(365)
	<u>185,384</u>	<u>164,302</u>	<u>(21,082)</u>
Business services			
Salaries	33,348	33,348	-
Employee benefits	12,495	12,761	266
Purchased services	67,118	46,319	(20,799)
Other	33,000	37,684	4,684
	<u>145,961</u>	<u>130,112</u>	<u>(15,849)</u>
Operation and maintenance			
Salaries	286,591	256,151	(30,440)
Employee benefits	144,006	138,553	(5,453)
Purchased services	890,474	842,413	(48,061)
Supplies	479,400	419,477	(59,923)
Other	600	578	(22)
	<u>1,801,071</u>	<u>1,657,172</u>	<u>(143,899)</u>
Transportation			
Salaries	2,067,499	2,140,072	72,573
Employee benefits	1,206,074	1,294,845	88,771
Purchased services	615,200	638,082	22,882
Supplies	798,300	795,138	(3,162)
	<u>4,687,073</u>	<u>4,868,137</u>	<u>181,064</u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Special Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
Central staff			
Salaries	\$ 168,041	\$ 157,258	\$ (10,783)
Employee benefits	65,979	64,159	(1,820)
Purchased services	7,222	10,126	2,904
Supplies	500	(6)	(506)
Other	500	-	(500)
	<u>242,242</u>	<u>231,537</u>	<u>(10,705)</u>
Total supporting services	<u>17,518,214</u>	<u>17,153,545</u>	<u>(364,669)</u>
Community services			
Purchased services	1,800	2,871	1,071
Supplies and materials	1,800	-	(1,800)
	<u>3,600</u>	<u>2,871</u>	<u>(729)</u>
Total community services	<u>3,600</u>	<u>2,871</u>	<u>(729)</u>
Intergovernmental	<u>11,670,610</u>	<u>11,131,152</u>	<u>(539,458)</u>
Capital outlay			
Instruction			
Special Education	5,000	4,463	(537)
Supporting services			
Pupil services	4,100	827	(3,273)
Instructional staff	46,550	32,061	(14,489)
School Administration	1,000	822	(178)
Operation and maintenance	9,600	8,307	(1,293)
Transportation	575,273	574,931	(342)
	<u>641,523</u>	<u>621,411</u>	<u>(20,112)</u>
Total capital outlay	<u>641,523</u>	<u>621,411</u>	<u>(20,112)</u>
Other financing uses - Operating transfers out	<u>678,498</u>	<u>673,811</u>	<u>(4,687)</u>
Total expenditures and other financing uses	<u>\$ 37,696,482</u>	<u>\$ 36,514,357</u>	<u>\$ (1,182,125)</u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Cooperative Education
Statement of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources			
United Way	\$ 12,438	\$ 13,517	\$ 1,079
Other local revenues	<u>48,948</u>	<u>8,105</u>	<u>(40,843)</u>
Total revenue from local sources	<u>61,386</u>	<u>21,622</u>	<u>(39,764)</u>
Revenue from state sources			
MSRP grant	<u>122,400</u>	<u>122,522</u>	<u>122</u>
Revenue from federal sources			
Head Start Operating grant	6,856,220	6,726,753	(129,467)
Head Start Start-up grant	103,376	103,376	-
Head Start Training & Technical Assistance grant	77,059	77,059	-
Infant/Toddler Formula	74,596	62,520	(12,076)
Work First	14,709	20,831	6,122
Child Care and Development Block Grant	265,585	289,667	24,082
Training Contracts	25,482	35,172	9,690
Service Provider Self Review grant	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Total revenue from federal sources	<u>7,417,027</u>	<u>7,319,378</u>	<u>(97,649)</u>
Total revenues and other financing sources	<u><u>\$ 7,600,813</u></u>	<u><u>\$ 7,463,522</u></u>	<u><u>\$ (137,291)</u></u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Cooperative Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Instruction			
Compensatory education			
Salaries	\$ 2,091,617	\$ 2,093,846	\$ 2,229
Employee benefits	973,649	876,011	(97,638)
Purchased services	18,403	19,906	1,503
Supplies and materials	45,284	58,532	13,248
Other	5,550	6,180	630
	<u>3,134,503</u>	<u>3,054,475</u>	<u>(80,028)</u>
Total instruction			
Supporting services			
Pupil services			
Salaries	729,013	739,732	10,719
Employee benefits	276,259	256,895	(19,364)
Purchased services	88,543	76,018	(12,525)
Supplies and materials	14,254	18,235	3,981
Other	-	470	470
	<u>1,108,069</u>	<u>1,091,350</u>	<u>(16,719)</u>
Instructional staff			
Salaries	544,669	551,586	6,917
Employee benefits	212,346	211,105	(1,241)
Purchased services	243,119	271,849	28,730
Supplies and materials	216,277	164,268	(52,009)
Other	3,200	2,534	(666)
	<u>1,219,611</u>	<u>1,201,342</u>	<u>(18,269)</u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Cooperative Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
General administration			
Purchased services	\$ 37,500	\$ 29,368	\$ (8,132)
School administration			
Salaries	42,321	46,964	4,643
Employee benefits	16,879	18,225	1,346
Purchased services	8,850	6,226	(2,624)
Supplies and materials	750	745	(5)
	<u>68,800</u>	<u>72,160</u>	<u>3,360</u>
Business services			
Salaries	38,645	39,335	690
Employee benefits	16,541	16,535	(6)
Purchased services	200	310	110
Supplies and materials	1,500	1,386	(114)
	<u>56,886</u>	<u>57,566</u>	<u>680</u>
Operation and maintenance			
Salaries	142,379	129,362	(13,017)
Employee benefits	57,812	53,221	(4,591)
Purchased services	248,854	261,255	12,401
Supplies	113,662	125,718	12,056
Other	95,694	93,914	(1,780)
	<u>658,401</u>	<u>663,470</u>	<u>5,069</u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Cooperative Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
Transportation			
Salaries	\$ 98,530	\$ 101,884	\$ 3,354
Employee benefits	41,636	39,394	(2,242)
Purchased services	39,770	48,773	9,003
Supplies	15,563	19,230	3,667
Other	250	75	(175)
	<u>195,749</u>	<u>209,356</u>	<u>13,607</u>
Central staff			
Salaries	59,855	64,596	4,741
Employee benefits	23,446	23,208	(238)
Purchased services	42,391	40,562	(1,829)
Supplies	6,623	6,928	305
	<u>132,315</u>	<u>135,294</u>	<u>2,979</u>
Total supporting services	<u>3,477,331</u>	<u>3,459,906</u>	<u>(17,425)</u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Cooperative Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
Community services			
Community activities			
Purchased services	\$ 8,057	\$ 14,127	\$ 6,070
Supplies and materials	1,900	-	(1,900)
Other	13,380	13,529	149
	<u>23,337</u>	<u>27,656</u>	<u>4,319</u>
Care of Children			
Salaries	-	1,580	1,580
Employee benefits	-	374	374
Purchased services	322,647	314,398	(8,249)
Supplies and materials	4,993	6,958	1,965
Other	1,540	1,296	(244)
	<u>329,180</u>	<u>324,606</u>	<u>(4,574)</u>
Other Community services			
Purchased services	9,585	11,132	1,547
Supplies and materials	3,260	1,332	(1,928)
	<u>12,845</u>	<u>12,464</u>	<u>(381)</u>
Total community services	<u>365,362</u>	<u>364,726</u>	<u>(636)</u>
Facilities Acquisition			
Purchased services	<u>89,386</u>	<u>89,386</u>	<u>-</u>

Saginaw Intermediate School District
Other Supplemental Information
Special Revenue Fund - Cooperative Education
Statement of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2008
(Continued)

	Final Budget	Actual	Over (Under) Final Budget
Capital outlay			
Instruction			
Added Needs	\$ 386	\$ 386	\$ -
Supporting services			
Instructional staff	52,274	52,274	-
Central Staff	11,752	11,727	(25)
Building Improvements	10,414	10,415	1
Total capital outlay	74,826	74,802	(24)
Other financing uses - Operating transfers out	459,405	420,227	(39,178)
Total expenditures and other financing uses	<u>\$ 7,600,813</u>	<u>\$ 7,463,522</u>	<u>\$ (137,291)</u>

DEBT SERVICE FUNDS

Debt Service Funds are used to record tax and interest revenue and account for the payment of general long-term debt principal, interest and related costs for bonds and notes payable.

The Transitions Center Bond fund accounts for the funds used to pay the three outstanding bond issues related to the Transitions Center. These bonds were issued in order to finance the building, furnishing and equipping of the Transitions Center, including the technology needs of the center.

The Saginet Installment Purchase Agreements fund accounts for the payment of four outstanding installment purchase agreements that were issued for the purchase of various data electronic and video equipment to be used for the Saginet distance learning program.

The Bus Purchase Installment Purchase Agreements fund accounts for the payment of two outstanding installment purchase agreements that were issued for the purchase of twenty-one school buses.

Saginaw Intermediate School District
Other Supplemental Information
Debt Service Fund - Transition Center Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2008

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local sources	\$ -	\$ 78	\$ 78
Total revenues	-	78	78
Expenditures			
Principal	215,000	215,000	-
Interest	153,160	153,160	-
Debt fees	300	800	(500)
Total expenditures	368,460	368,960	(500)
Excess (deficiency) of revenues over expenditures	(368,460)	(368,882)	(422)
Other financing sources (uses)			
Transfer from other funds	368,460	368,882	422
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

Saginaw Intermediate School District
Other Supplemental Information
Debt Service Fund - Saginet Installment Purchase Agreements
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Revenues			
Local sources	\$ 172,014	\$ 172,095	\$ 81
Total revenues	<u>172,014</u>	<u>172,095</u>	<u>81</u>
Expenditures			
Principal	335,122	335,320	198
Interest	38,921	38,937	16
Debt fees	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>374,043</u>	<u>374,257</u>	<u>214</u>
Excess (deficiency) of revenues over expenditures	(202,029)	(202,162)	(133)
Other financing sources			
Transfer from other funds	<u>317</u>	<u>297</u>	<u>(20)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(201,712)	(201,865)	(153)
Fund balance - beginning of year	<u>225,515</u>	<u>225,515</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 23,803</u></u>	<u><u>\$ 23,650</u></u>	<u><u>\$ (153)</u></u>

Saginaw Intermediate School District
Other Supplemental Information
Debt Service Fund - Bus Installment Purchase Agreements
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2008

	Final Budget	Actual	Over (Under) Final Budget
Revenues			
Local sources	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Principal	280,000	280,000	-
Interest	14,920	14,890	(30)
Debt fees	-	-	-
Total expenditures	294,920	294,890	(30)
Excess (deficiency) of revenues over expenditures	(294,920)	(294,890)	30
Other financing sources			
Transfer from other funds	294,920	294,890	(30)
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the School District in a trustee or agent capacity. The School District presently maintains the following Fiduciary Funds.

PRIVATE PURPOSE TRUST FUNDS – Private Purpose Trust Funds are used to account for funds entrusted to the School District and the principal, or corpus, of the trust and the income produced are expendable.

Society for Crippled Children – To record donations from the Society for Crippled Children to be used solely for the development and training of students into the community.

Memorial Escrow – To record bequests received in honor of students or student's relatives to enhance the building atmosphere.

Independence Park – To record donations received from various projects adopted by the students to develop a playground for the students.

Feige Trust – The School District received contributions from the Feige Estate for the purpose of the betterment of the M.G. Millet Center.

AGENCY FUNDS – Agency Funds are used to account for assets held by the School District as an agent, are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Activity Fund – The School District presently maintains an Activity Fund to record the transactions of student clubs and organizations, and other groups.

Saginaw Intermediate School District
Other Supplemental Information
Fiduciary Funds
Combining Balance Sheet
June 30, 2008

	Private Purpose Trust Funds						
	Feige Trust	Independence Park	Memorial Escrow	Society for Crippled Children	Total Private Purpose Trust Funds	Activity Funds	Total
Assets							
Cash and cash equivalents	\$ 29,346	\$ 6,680	\$ 6,374	\$ 1,902	\$ 44,302	\$ 64,073	\$ 108,375
Assets held by others	<u>285,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,870</u>	<u>-</u>	<u>285,870</u>
Total assets	<u>\$ 315,216</u>	<u>\$ 6,680</u>	<u>\$ 6,374</u>	<u>\$ 1,902</u>	<u>\$ 330,172</u>	<u>\$ 64,073</u>	<u>\$ 394,245</u>
Liabilities and Fund Balance							
Liabilities							
Due to student groups	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,637	\$ 47,637
Due to other governmental units	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,436</u>	<u>16,436</u>
Total liabilities	-	-	-	-	-	64,073	64,073
Net assets							
Reserved for endowments	<u>315,216</u>	<u>6,680</u>	<u>6,374</u>	<u>1,902</u>	<u>330,172</u>	<u>-</u>	<u>330,172</u>
Total liabilities and fund balance	<u>\$ 315,216</u>	<u>\$ 6,680</u>	<u>\$ 6,374</u>	<u>\$ 1,902</u>	<u>\$ 330,172</u>	<u>\$ 64,073</u>	<u>\$ 394,245</u>

Saginaw Intermediate School District
Other Supplemental Information
Private Purpose Trust Funds
Detailed Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008

	Feige Trust	Independence Park	Memorial Escrow	Society for Crippled Children	Total
Revenues					
Local	\$ 15,793	\$ 208	\$ 198	\$ 61	\$ 16,260
Expenditures					
Awards and grants	36,850	-	-	94	36,944
Excess (deficiency) of revenues over expenditures	(21,057)	208	198	(33)	(20,684)
Fund balance - July 1	336,273	6,472	6,176	1,935	350,856
Fund balance - June 30	<u>\$ 315,216</u>	<u>\$ 6,680</u>	<u>\$ 6,374</u>	<u>\$ 1,902</u>	<u>\$ 330,172</u>

Saginaw Intermediate School District
Other Supplemental Information
Agency Funds
Activity Funds
Statement of Changes in Amounts Due to Student Groups
Year Ended June 30, 2008

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>
Student activities				
Millet Center	\$ 14,825	\$ 5,745	\$ 6,555	\$ 14,015
STEP	6,696	2,949	4,053	5,592
Hartley Education Center Bookstore	7,936	27,950	31,291	4,595
RESC	16,377	6,821	763	22,435
Head Start	1,000	-	-	1,000
	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total due to student groups	<u>\$ 46,834</u>	<u>\$ 43,465</u>	<u>\$ 42,662</u>	<u>\$ 47,637</u>

GENERAL LONG TERM DEBT

These following schedules recap the outstanding bonded debt and long-term notes payable of the School District.

Saginaw Intermediate School District
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Annual Maturity May 15th</u>	<u>Interest Payment May 15th</u>	<u>Total Annual Requirements</u>
Date of issue - May 15, 1998	4.76%	2008-09	\$ 104,410	\$ 27,338	\$ 131,748
		2009-10	109,377	22,366	131,743
Original amount of issue - \$ 1,876,089		2010-11	648,189	236,987	885,176
		2011-12	120,035	11,703	131,738
Purpose of issue - To purchase technology, buses, moveable equipment, technology infrastructure and remodeling of school facilities.		2012-13	<u>125,749</u>	<u>5,987</u>	<u>131,736</u>
			<u>\$ 1,107,760</u>	<u>\$ 304,381</u>	<u>\$ 1,412,141</u>

Saginaw Intermediate School District
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Annual Maturity May 1st</u>	<u>Semi-Annual Interest Payments November 1st</u>	<u>Semi-Annual Interest Payments May 1st</u>	<u>Total Annual Requirements</u>
Date of issue - April 1, 2000	5.25 %	2008-09	<u>\$ 145,000</u>	<u>\$ 3,806</u>	<u>\$ 3,806</u>	<u>\$ 152,612</u>

Original amount of issue - \$ 3,365,000

Purpose of issue - Building, furnishing and equipping an education center; acquiring, installing and equipping technology for the center; and acquiring, developing and improving the site.

Advance refunding - \$2,330,000 of this original issue was advance refunded by bonds issued May 19, 2005. The refunding consisted of those term bonds maturing on May 1, 2010 through May 1, 2020.

Saginaw Intermediate School District
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

	Interest Rate	Fiscal Year	Annual Maturity May 1st	Semi-Annual Interest Payments		Total Annual Requirements
				November 1st	May 1st	
Date of issue - July 1, 2001	4.20 %	2008-09	\$ 55,000	\$ 19,419	\$ 19,419	\$ 93,838
	4.40	2009-10	55,000	18,264	18,264	91,528
Original amount of issue - \$ 1,100,000	4.40	2010-11	60,000	17,054	17,054	94,108
	4.50	2011-12	60,000	15,734	15,734	91,468
Purpose of issue - Building, furnishing	4.60	2012-13	65,000	14,384	14,384	93,768
and equipping an education center;	4.70	2013-14	70,000	12,889	12,889	95,778
acquiring, installing and equipping	4.80	2014-15	75,000	11,244	11,244	97,488
technology for the center; and	4.90	2015-16	75,000	9,444	9,444	93,888
acquiring, developing and improving	4.95	2016-17	75,000	7,606	7,606	90,212
the site.	5.00	2017-18	75,000	5,750	5,750	86,500
	5.00	2018-19	75,000	3,875	3,875	82,750
	5.00	2019-20	80,000	2,000	2,000	84,000
			<u>\$ 820,000</u>	<u>\$ 137,663</u>	<u>\$ 137,663</u>	<u>\$ 1,095,326</u>

Saginaw Intermediate School District
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

	Interest Rate	Fiscal Year	Annual Maturity May 1st	Semi-Annual Interest Payments		Total Annual Requirements
				November 1st	May 1st	
Date of issue - May 19, 2005	3.50 %	2008-09	\$ 25,000	\$ 48,250	\$ 48,250	\$ 121,500
	3.50	2009-10	180,000	47,813	47,813	275,626
Original amount of issue - \$ 2,535,000	3.50	2010-11	185,000	44,663	44,663	274,326
	3.75	2011-12	195,000	41,425	41,425	277,850
Purpose of issue - To advance refund	4.00	2012-13	200,000	37,769	37,769	275,538
the callable portion of the 2000 School	4.00	2013-14	205,000	33,769	33,769	272,538
Building and Site issue. This issue was	4.25	2014-15	215,000	29,669	29,669	274,338
for building, furnishing and equipping an	4.00	2015-16	225,000	25,100	25,100	275,200
education center; acquiring, installing and	4.00	2016-17	240,000	20,600	20,600	281,200
equipping technology for the center; and	4.00	2017-18	250,000	15,800	15,800	281,600
acquiring, developing and improving the site.	4.00	2018-19	265,000	10,800	10,800	286,600
	4.00	2019-20	275,000	5,500	5,500	286,000
			<u>\$ 2,460,000</u>	<u>\$ 361,158</u>	<u>\$ 361,158</u>	<u>\$ 3,182,316</u>

Saginaw Intermediate School District
Other Supplemental Information
Schedule of Outstanding Installment Note Indebtedness
June 30, 2008

	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
SAGINET project					
Date of issuance - December 19, 2001	4.86%	2008-09	<u>\$ 23,883</u>	<u>\$ 443</u>	<u>\$ 24,326</u>
Original amount of issue - \$ 280,385					
Purpose of notes - Purchase of data electronic and video equipment for the SAGINET project					
Principal and interest payments on all the above notes are due quarterly.					
Bus Purchases					
Date of issuance - August 29, 2003	2.25%	2008-09	\$ 120,000	\$ 2,700	\$ 122,700
Original amount of issue - \$ 608,701					
Purpose of note - Purchase of nine school buses					
Principal and interest payments are due annually on July 15.					
Date of issuance - January 15, 2004	2.975%	2008-09	<u>160,000</u>	<u>4,760</u>	<u>164,760</u>
Original amount of issue - \$ 807,404					
Purpose of note - Purchase of twelve school buses					
Principal and interest payments are due annually on January 15.					
Total Installment Note Indebtedness - Bus Purchases			<u>\$ 280,000</u>	<u>\$ 7,460</u>	<u>\$ 287,460</u>
SAGINET II project					
Date of issuance - August 17, 2006	4.19%	2008-09	\$ 140,000	\$ 23,534	\$ 163,534
Original amount of issue - \$ 701,674		2009-10	140,000	17,668	157,668
Purpose of note - Data electronic equipment for SAGINET II project.		2010-11	140,000	11,802	151,802
Principal and interest payments are due annually on September 20.		2011-12	<u>141,674</u>	<u>5,936</u>	<u>147,610</u>
Total Installment Note Indebtedness - SAGINET II project			<u>\$ 561,674</u>	<u>\$ 58,940</u>	<u>\$ 620,614</u>

SCHEDULES OF INTERGOVERNMENTAL EXPENDITURES

These schedules recap the intergovernmental expenditures made by the School District.

Saginaw Intermediate School District
Other Supplemental Information
Schedule of Intergovernmental Expenditures - General Fund
Year Ended June 30, 2008

	Drug Free Grants	Beverage Consortium	ASAP Pie Grant	Reading First	WIA Grant	Great Start Grant	Other	Total
Payments to other entities								
Birch Run	\$ 2,637	\$ 2,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,549
Bridgeport-Spaulding	5,491	-	-	-	-	-	-	5,491
Buena Vista	5,818	1,521	-	-	-	-	-	7,339
Carrollton	2,347	-	-	-	-	-	-	2,347
Chesaning	3,217	2,898	-	-	-	-	-	6,115
Frankenmuth	1,478	1,969	-	-	-	-	-	3,447
Freeland	1,795	2,764	-	-	-	-	-	4,559
Hemlock	1,864	2,252	-	-	-	-	-	4,116
Merrill	1,409	-	-	-	-	-	-	1,409
Saginaw City Schools	-	14,949	-	-	-	66,000	-	80,949
Saginaw Township	5,915	8,427	-	-	-	-	-	14,342
St. Charles	1,899	1,789	-	-	-	-	-	3,688
Swan Valley	1,891	2,848	-	-	-	-	-	4,739
Frances Reh Public School Academy	1,646	-	-	-	-	-	-	1,646
MSU Extension	-	-	214,620	-	-	22,488	10,707	247,815
Teen Parent Services	-	-	51,012	-	-	-	-	51,012
CAN Council	-	-	11,200	-	-	-	32,245	43,445
Bay-Arenac ISD	-	-	-	13,077	-	-	-	13,077
Clare-Gladwin RESD	-	-	-	11,801	-	-	-	11,801
Gratiot-Isabella RESD	-	-	-	23,602	-	-	-	23,602
Huron ISD	-	-	-	3,474	-	-	-	3,474
Midland ISD	-	-	-	17,861	-	-	-	17,861
Montcalm Area ISD	-	-	-	19,683	-	-	-	19,683
Sanilac ISD	-	-	-	6,219	-	-	-	6,219
Tuscola ISD	-	-	-	9,852	-	-	-	9,852
SVRC Industries, Inc.	-	-	-	-	677,353	-	71,992	749,345
Business Education Partnership	-	-	-	-	46,087	-	-	46,087
Other governmental units	375	-	-	-	13,392	-	47,462	61,229
	<u>\$ 37,782</u>	<u>\$ 42,329</u>	<u>\$ 276,832</u>	<u>\$ 105,569</u>	<u>\$ 736,832</u>	<u>\$ 88,488</u>	<u>\$ 162,406</u>	<u>\$ 1,450,238</u>

Note - The "Other" column totaling \$345,622 consists of the following items: The \$107,703 to Saginaw City Schools is for the Michigan Nutrition Network grant. The \$11,734 to MSU Extension and \$30,156 to CAN Council is for the ECIC grant. The \$81,888 to Teen Parent Services is for the Even Start grant. The \$75,250 to SVRC Industries was Title I funds. The \$38,891 to other governmental units consists of \$4,444 in High Priority grant funds, \$30,471 in Section 74 payouts, and \$3,976 in Title V payouts to parochials.

Saginaw Intermediate School District
Other Supplemental Information
Schedule of Intergovernmental Expenditures
Special Revenue Fund - Special Education
Year Ended June 30, 2008

	<u>County-Wide Programs</u>	<u>Med Bill Reimbursement</u>	<u>Public Act 18 Disbursement</u>	<u>IDEA Flowthrough</u>	<u>IDEA Preschool</u>	<u>Early On</u>	<u>Other</u>	<u>Total</u>
Intergovernmental expenditures								
Payments to other entities								
Birch Run	\$ -	\$ 48,604	\$ 16,054	\$ 256,482	\$ 14,304	\$ -	\$ -	\$ 335,444
Bridgeport-Spaulding	-	72,665	41,864	378,708	18,743	-	-	511,980
Buena Vista	-	99,756	13,637	253,632	5,919	-	-	372,944
Carrollton	268,533	54,890	18,849	476,720	-	-	-	818,992
Chesaning	-	137,003	22,410	324,693	15,290	2,150	-	501,546
Frankenmuth	-	14,862	10,596	178,199	7,399	-	-	211,056
Freeland	-	11,508	18,867	209,903	-	-	-	240,278
Hemlock	-	25,186	23,681	216,472	-	-	-	265,339
Merrill	-	28,304	7,835	149,774	-	-	-	185,913
Saginaw City	1,273,357	451,441	122,398	2,331,309	986	21,700	-	4,201,191
Saginaw Township	-	117,561	84,376	810,093	62,147	-	-	1,074,177
St. Charles	-	20,552	11,316	191,317	-	-	-	223,185
Swan Valley	-	16,286	18,329	263,472	-	-	-	298,087
Saginaw County Department of Public Health	-	-	-	-	-	136,000	-	136,000
Frances Reh Academy	-	457	6,093	48,103	-	-	-	54,653
North Saginaw Academy	-	-	12,758	118,359	-	-	-	131,117
Mosaica Academy	-	808	2,552	28,424	81,877	-	-	113,661
Learn To Earn Academy	-	-	-	50,014	-	-	-	50,014
SVRC - Juvenile	-	-	-	-	-	-	424,562	424,562
St. Vincent	-	18,124	-	37,118	-	-	730,647	785,889
Michigan School for the Deaf	-	-	-	-	-	-	85,156	85,156
Other	-	-	68,385	-	-	2,300	39,283	109,968
	<u>\$1,541,890</u>	<u>\$ 1,118,007</u>	<u>\$ 500,000</u>	<u>\$ 6,322,792</u>	<u>\$206,665</u>	<u>\$ 162,150</u>	<u>\$1,279,648</u>	<u>\$ 11,131,152</u>

Note - The "Other" column totaling \$1,218,432 consists of the following significant items: State aid to SVRC of \$427,672 and St. Vincent of \$666,322 for the operation of juvenile centers. The \$85,156 is a payment to Michigan School for the Deaf for tuition payments that are deducted from State Aid payments

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FINANCIAL TRENDS

These schedules contain trend information to help the reader assess and understand how the District's financial position has changed over time.

Saginaw Intermediate School District
Net Assets by Component
Last Six Fiscal Years

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Invested in capital assets, net of related debt	10,456,797	10,334,190	8,675,662	8,415,250	8,557,845	8,566,714
Restricted for:						
Debt services	-	-	27,418	6,962	24,430	75,870
Unrestricted	<u>3,967,303</u>	<u>5,882,508</u>	<u>6,215,778</u>	<u>4,899,664</u>	<u>4,331,220</u>	<u>4,189,653</u>
Total net assets	<u>\$ 14,424,100</u>	<u>\$ 16,216,698</u>	<u>\$ 14,918,858</u>	<u>\$ 13,321,876</u>	<u>\$ 12,913,495</u>	<u>\$ 12,832,237</u>

Note - Only six years of information is presented, instead of the normal ten years since the District didn't begin reporting information for net assets on the accrual basis until it implemented GASB Statement 34 in 2003.

Source - Saginaw ISD Comprehensive Annual Financial Reports

Saginaw Intermediate School District
Expenses, Revenues and Other Changes in Net Assets
Last Six Fiscal Years

Expenses	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Instruction	\$ 10,229,643	\$ 9,106,309	\$ 7,370,567	\$ 5,644,721	\$ 4,822,631	\$ 4,458,728
Supporting services	28,318,383	25,864,286	22,172,534	19,631,620	17,449,542	16,729,446
Community services	369,204	355,479	180,918	-	-	-
Facilities Acquisition	89,386	102,740	-	-	-	-
Food services	1,008,314	860,427	660,001	304,846	157,241	156,754
Intergovernmental payments	12,581,390	12,683,487	12,671,181	13,049,919	14,594,916	16,020,785
Capital outlay (noncapitalized)	261,905	251,104	245,964	177,544	180,360	389,231
Interest on long-term debt	221,137	263,355	135,103	319,433	334,362	341,194
Depreciation - unallocated	-	-	-	-	826,551	705,991
Bond refunding issuance costs	37,840	37,840	37,840	53,641	-	-
Total governmental expenses	<u>53,117,202</u>	<u>49,525,027</u>	<u>43,474,108</u>	<u>39,181,724</u>	<u>38,365,603</u>	<u>38,802,129</u>
Program Revenues						
Governmental activities						
Charges for services						
Instruction	93,751	63,532	143,400	122,385	24,605	-
Supporting services	7,384,828	6,657,294	6,208,266	5,779,946	5,164,201	4,944,720
Food services	51,126	43,252	35,971	32,404	28,546	27,762
Intergovernmental payments	1,149,787	1,443,632	1,706,183	1,790,308	1,330,964	1,530,720
Operating grants and contributions	18,859,077	17,444,938	14,477,887	11,162,980	11,283,501	12,379,964
Total governmental program revenues	<u>27,538,569</u>	<u>25,652,648</u>	<u>22,571,707</u>	<u>18,888,023</u>	<u>17,831,817</u>	<u>18,883,166</u>
Net (expense) revenue	<u>(25,578,633)</u>	<u>(23,872,379)</u>	<u>(20,902,401)</u>	<u>(20,293,701)</u>	<u>(20,533,786)</u>	<u>(19,918,963)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities						
Property taxes, levied for general purposes	10,650,952	10,375,490	9,884,054	9,470,499	9,132,907	8,784,854
State aid - unrestricted	6,324,282	6,686,493	4,163,756	4,291,813	4,230,259	4,217,641
State aid - categorical	5,987,995	6,582,395	7,726,314	6,474,234	5,888,847	5,295,882
Interest and investment earnings	152,800	230,419	110,848	65,038	59,929	92,797
Other	670,006	1,295,422	614,411	400,498	1,303,102	1,428,026
Total general revenues	<u>23,786,035</u>	<u>25,170,219</u>	<u>22,499,383</u>	<u>20,702,082</u>	<u>20,615,044</u>	<u>19,819,200</u>
Change in Net Assets	(1,792,598)	1,297,840	1,596,982	408,381	81,258	(99,763)
Net assets - beginning	<u>16,216,698</u>	<u>14,918,858</u>	<u>13,321,876</u>	<u>12,913,495</u>	<u>12,832,237</u>	<u>12,932,000</u>
Net assets - ending	<u>\$ 14,424,100</u>	<u>\$ 16,216,698</u>	<u>\$ 14,918,858</u>	<u>\$ 13,321,876</u>	<u>\$ 12,913,495</u>	<u>\$ 12,832,237</u>

Note - Only six years of information is presented, instead of the normal ten years since the District didn't begin reporting information for net assets on the accrual basis until it implemented GASB Statement 34 in 2003.

Source - Saginaw ISD Comprehensive Annual Financial Reports

Saginaw Intermediate School District
Fund Balances, governmental funds - Last ten fiscal years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved for prepaid expenditures	\$ 346,854	\$ 228,017	\$ 332,413	\$ 515,339	\$ 720,054	\$ 592,258	\$ 19,723	\$ 606,161	\$ 16,061	\$ 10,890
Reserved for inventory	-	-	2,646	2,622	1,778	-	-	-	-	18,205
Reserved for IBNR insurance benefits	222,300	210,900	191,300	86,600	81,900	83,000	-	-	-	-
Reserved subtotal	569,154	438,917	526,359	604,561	803,732	675,258	19,723	606,161	16,061	29,095
Unreserved	1,793,448	1,794,117	2,935,742	2,737,163	2,080,339	1,945,620	2,390,879	1,820,514	2,548,809	2,463,430
Total general fund	2,362,602	2,233,034	3,462,101	3,341,724	2,884,071	2,620,878	2,410,602	2,426,675	2,564,870	2,492,525
Special Education Fund										
Reserved for prepaid expenditures	5,985	230,234	254,802	67,993	211,480	34,871	162,776	20,387	19,963	17,139
Reserved for inventory	190,280	175,810	161,035	135,689	113,426	97,464	84,898	13,611	13,611	34,155
Reserved subtotal	196,265	406,044	415,837	203,682	324,906	132,335	247,674	33,998	33,574	51,294
Unreserved	1,936,735	3,846,611	3,029,079	2,795,621	2,476,763	2,749,620	3,212,999	3,440,201	3,071,830	2,961,683
Total special education fund	2,133,000	4,252,655	3,444,916	2,999,303	2,801,669	2,881,955	3,460,673	3,474,199	3,105,404	3,012,977
All Other Governmental Funds										
Reserved for debt service	23,650	225,515	224,970	206,906	191,578	75,870	-	-	-	-
Reserved for capital projects	-	-	-	-	-	-	59,202	1,224,643	4,768,948	1,914,841
Reserved subtotal	23,650	225,515	224,970	206,906	191,578	75,870	59,202	1,224,643	4,768,948	1,914,841
Unreserved	253,765	184,737	180,709	-	-	-	-	-	-	-
Total for all other governmental funds	277,415	410,252	405,679	206,906	191,578	75,870	59,202	1,224,643	4,768,948	1,914,841
Total fund balance - governmental funds	\$4,773,017	\$6,895,941	\$7,312,696	\$6,547,933	\$5,877,318	\$5,578,703	\$5,930,477	\$7,125,517	\$10,439,222	\$7,420,343

Source - Saginaw ISD Comprehensive Annual Financial Reports

Saginaw Intermediate School District
Governmental Funds Revenues - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Local sources										
Property taxes	\$10,536,916	\$ 10,359,495	\$ 9,902,794	\$ 9,505,042	\$ 9,111,930	\$ 8,786,853	\$ 8,465,475	\$ 8,018,631	\$ 7,865,960	\$ 7,444,032
Earnings on investments	152,800	230,419	110,848	65,038	59,929	92,797	217,893	435,927	398,777	240,653
Other	<u>3,377,753</u>	<u>3,987,408</u>	<u>3,241,186</u>	<u>3,239,585</u>	<u>2,764,001</u>	<u>3,087,385</u>	<u>3,008,552</u>	<u>4,184,182</u>	<u>2,165,780</u>	<u>1,818,361</u>
Total local sources	<u>14,067,469</u>	<u>14,577,322</u>	<u>13,254,828</u>	<u>12,809,665</u>	<u>11,935,860</u>	<u>11,967,035</u>	<u>11,691,920</u>	<u>12,638,740</u>	<u>10,430,517</u>	<u>9,503,046</u>
Intergovernmental sources	<u>6,022,276</u>	<u>5,451,083</u>	<u>5,087,290</u>	<u>4,677,845</u>	<u>4,703,167</u>	<u>4,300,851</u>	<u>3,842,468</u>	<u>3,119,261</u>	<u>2,455,698</u>	<u>1,826,402</u>
State sources										
State school aid - unrestricted	6,324,282	6,686,493	4,163,756	4,291,813	4,230,259	4,217,641	3,778,139	4,285,142	4,050,146	5,057,940
Restricted grants	<u>6,391,201</u>	<u>6,927,057</u>	<u>8,456,287</u>	<u>7,159,562</u>	<u>8,826,263</u>	<u>12,367,477</u>	<u>12,900,981</u>	<u>7,967,002</u>	<u>6,426,208</u>	<u>4,730,668</u>
Total state sources	<u>12,715,483</u>	<u>13,613,550</u>	<u>12,620,043</u>	<u>11,451,375</u>	<u>13,056,522</u>	<u>16,585,118</u>	<u>16,679,120</u>	<u>12,252,144</u>	<u>10,476,354</u>	<u>9,788,608</u>
Federal sources	<u>18,303,457</u>	<u>17,351,097</u>	<u>13,971,723</u>	<u>10,698,535</u>	<u>8,730,335</u>	<u>5,851,361</u>	<u>7,615,799</u>	<u>4,995,695</u>	<u>5,890,267</u>	<u>5,071,433</u>
Total revenues	<u>\$51,108,685</u>	<u>\$ 50,993,052</u>	<u>\$ 44,933,884</u>	<u>\$ 39,637,420</u>	<u>\$ 38,425,884</u>	<u>\$ 38,704,365</u>	<u>\$39,829,307</u>	<u>\$33,005,840</u>	<u>\$ 29,252,836</u>	<u>\$ 26,189,489</u>

Source - Saginaw ISD Comprehensive Annual Financial Reports

Saginaw Intermediate School District
Governmental Funds Expenditures and Debt Service Ratio - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Expenditures										
Instruction										
Basic programs	\$ 40,272	\$ 73,017	\$ 68,283	\$ 57,939	\$ 61,294	\$ -	\$ -	\$ -	\$ 45,823	\$ 203,312
Special education	6,931,567	5,920,047	5,659,496	5,410,177	4,781,631	4,458,728	4,030,650	3,861,946	3,582,869	3,415,848
Compensatory education	3,054,475	2,919,141	1,465,608	-	-	-	-	-	-	-
Total instructional services	10,026,314	8,912,205	7,193,387	5,468,116	4,842,925	4,458,728	4,030,650	3,861,946	3,628,692	3,619,160
Supporting services										
Pupil services	8,535,346	7,673,328	6,593,745	5,819,056	5,344,317	4,845,907	4,311,749	3,876,265	3,348,395	2,801,784
Guidance	-	-	-	-	-	-	-	-	89	4,508
Instructional staff	6,707,156	6,121,958	4,929,293	4,414,255	4,701,014	2,531,385	2,695,129	2,279,222	2,108,991	1,726,290
Audiovisual	-	-	-	-	-	1,144,473	1,037,760	887,603	796,103	631,310
General administration	828,519	911,184	809,880	711,946	681,064	749,970	907,588	824,714	881,909	870,339
School administration	236,462	198,686	148,498	68,915	94,894	2,226,877	1,810,814	1,481,206	1,446,298	1,090,425
Business services	1,003,311	979,228	925,577	777,401	748,107	683,317	717,538	657,376	436,962	388,235
Operation and maintenance	2,973,347	2,482,853	1,944,166	1,461,023	1,265,932	1,321,415	1,400,470	1,196,010	1,198,690	1,007,319
Central staff	1,986,194	2,052,676	1,633,356	1,613,349	1,377,523	495,047	806,673	88,632	6,334	6,936
Transportation	5,097,217	4,521,217	4,398,781	3,929,267	2,896,893	2,557,053	2,231,452	1,962,083	1,709,170	1,345,116
Other	-	-	-	21,827	140,745	130,667	258,847	245,121	243,718	277,956
Total supporting services	27,367,552	24,941,130	21,383,296	18,817,039	17,250,489	16,686,111	16,178,020	13,498,232	12,176,659	10,150,218
Community services	369,204	355,479	180,918	5,887	14,759	40,963	44,646	50,326	6,709	11,244
Facilities acquisition	89,386	102,740	-	-	-	-	-	-	-	-
Food service	865,748	858,503	658,077	302,922	157,241	156,754	144,637	155,683	165,462	171,257
Capital outlay	893,908	3,324,093	1,146,866	354,563	2,054,543	1,077,847	4,013,903	7,183,928	2,091,212	801,365
Debt service										
Principal	830,320	729,161	707,090	681,722	360,286	329,362	439,550	294,376	154,349	192,304
Interest	207,787	204,683	228,306	286,637	268,215	285,589	347,654	287,697	80,171	42,430
Intergovernmental	12,581,390	12,683,487	12,671,181	13,049,919	14,594,916	16,020,785	17,189,172	12,249,824	11,247,743	10,330,507
Total expenditures	\$ 53,231,609	\$ 52,111,481	\$ 44,169,121	\$ 38,966,805	\$ 39,543,374	\$ 39,056,139	\$ 42,388,232	\$ 37,582,012	\$ 29,550,997	\$ 25,318,485
Debt service as a percentage of noncapital expenditures	2.0%	1.9%	2.2%	2.5%	1.7%	1.6%	2.1%	1.9%	0.9%	1.0%

Note - Beginning with the 2003-2004 fiscal year, the Michigan Department of Education required school districts to submit their year end financial information electronically to the State. This resulted in changes being made to the District's account coding structure, causing some programs to be shown under different functions above.

Saginaw Intermediate School District
Other financing sources and uses and net change in fund balances, governmental funds - Last Ten Fiscal Years
(Unaudited)

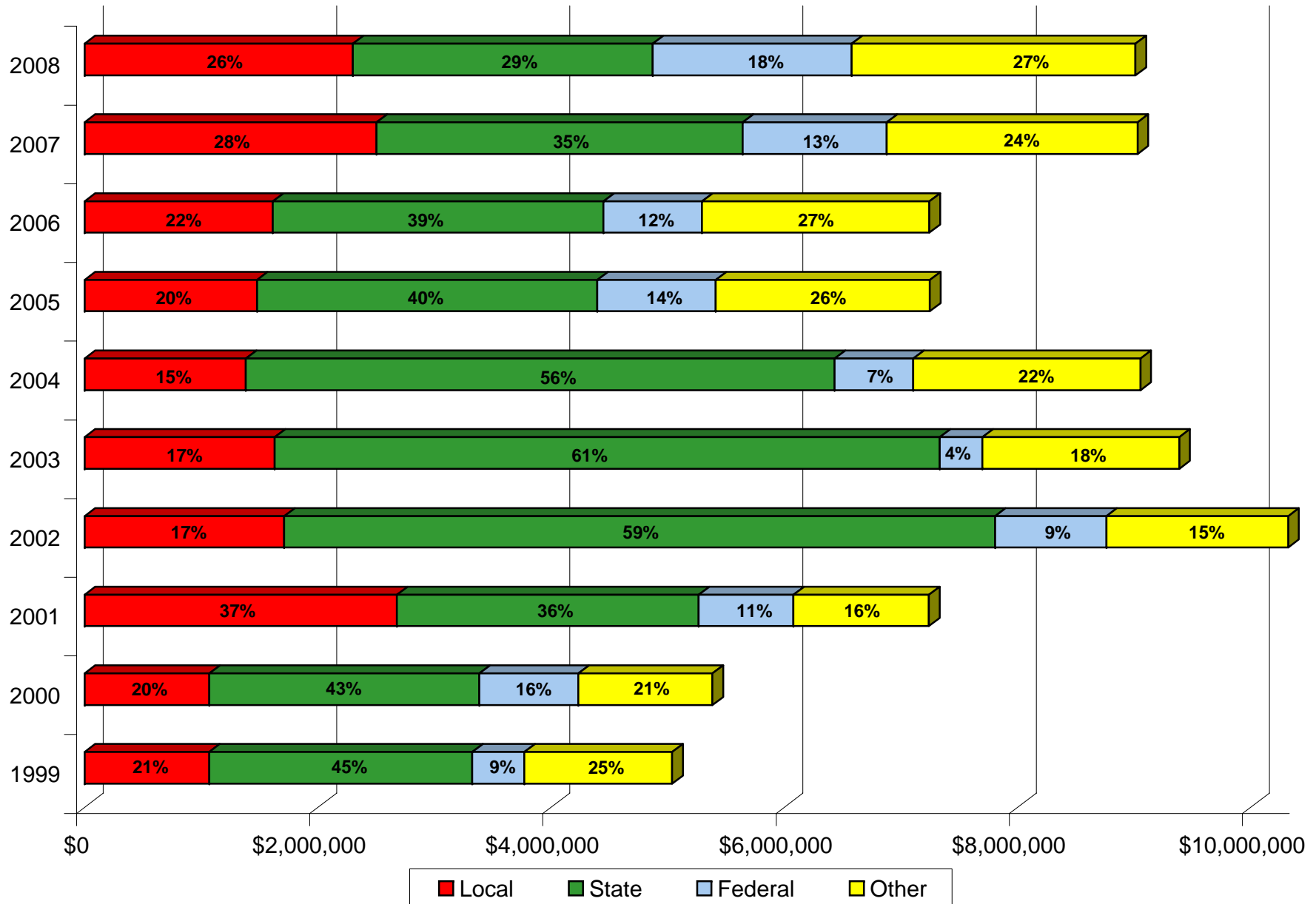
	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental fund revenue:	\$ 51,108,685	\$ 50,993,052	\$ 44,933,884	\$ 39,637,420	\$ 38,425,884	\$ 38,704,365	\$ 39,829,307	\$ 33,005,840	\$ 29,252,836	\$ 26,189,489
Governmental fund expenditures	<u>53,231,609</u>	<u>52,111,481</u>	<u>44,169,121</u>	<u>38,966,805</u>	<u>39,543,374</u>	<u>39,056,139</u>	<u>42,388,232</u>	<u>37,582,012</u>	<u>29,550,997</u>	<u>25,318,485</u>
Excess of revenues over (under) expenditures	<u>(2,122,924)</u>	<u>(1,118,429)</u>	<u>764,763</u>	<u>670,615</u>	<u>(1,117,490)</u>	<u>(351,774)</u>	<u>(2,558,925)</u>	<u>(4,576,172)</u>	<u>(298,161)</u>	<u>871,004</u>
Other financing sources (uses)										
Transfers in	1,648,078	3,223,773	1,614,885	1,131,042	896,426	624,992	1,426,921	1,545,896	824,319	195,377
Proceeds from issuance of long-term det	-	701,674	-	2,535,000	1,416,105	-	1,380,385	1,262,467	3,317,040	1,876,088
Transfers out	(1,648,078)	(3,223,773)	(1,614,885)	(1,131,042)	(896,426)	(624,992)	(1,426,921)	(1,545,896)	(824,319)	(195,377)
Payment of refunded debt escrow ager	-	-	-	(2,481,359)	-	-	-	-	-	-
Debt issuance costs	-	-	-	(53,641)	-	-	(16,500)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>701,674</u>	<u>-</u>	<u>-</u>	<u>1,416,105</u>	<u>-</u>	<u>1,363,885</u>	<u>1,262,467</u>	<u>3,317,040</u>	<u>1,876,088</u>
Net change in fund balances	<u>\$ (2,122,924)</u>	<u>\$ (416,755)</u>	<u>\$ 764,763</u>	<u>\$ 670,615</u>	<u>\$ 298,615</u>	<u>\$ (351,774)</u>	<u>\$ (1,195,040)</u>	<u>\$ (3,313,705)</u>	<u>\$ 3,018,879</u>	<u>\$ 2,747,092</u>

Source - Saginaw ISD Comprehensive Annual Financial Report

Saginaw Intermediate School District
General Fund Revenues and Other Financing Sources by Source - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Local sources										
Property taxes	\$ 729,433	\$ 722,168	\$ 686,184	\$ 658,658	\$ 631,091	\$ 612,720	\$ 590,576	\$ 560,068	\$ 551,472	\$ 517,702
Earnings on investments	68,718	102,473	42,656	27,635	36,237	81,229	126,469	184,111	110,454	67,708
Other	<u>1,502,749</u>	<u>1,680,293</u>	<u>885,838</u>	<u>792,212</u>	<u>715,122</u>	<u>935,909</u>	<u>994,339</u>	<u>1,936,228</u>	<u>407,978</u>	<u>483,223</u>
Total local sources	<u>2,300,900</u>	<u>2,504,934</u>	<u>1,614,678</u>	<u>1,478,505</u>	<u>1,382,450</u>	<u>1,629,858</u>	<u>1,711,384</u>	<u>2,680,407</u>	<u>1,069,904</u>	<u>1,068,633</u>
Intergovernmental sources	<u>1,895,699</u>	<u>1,601,086</u>	<u>1,553,277</u>	<u>1,664,287</u>	<u>1,710,088</u>	<u>1,688,407</u>	<u>1,216,383</u>	<u>1,073,983</u>	<u>1,038,388</u>	<u>1,266,561</u>
State sources										
State school aid - unrestricted	2,307,971	2,908,710	2,122,431	2,251,072	2,274,776	2,333,082	2,348,345	2,234,726	2,004,470	1,934,960
Restricted grants	<u>264,304</u>	<u>231,675</u>	<u>711,998</u>	<u>668,021</u>	<u>2,776,787</u>	<u>3,370,957</u>	<u>3,747,740</u>	<u>350,600</u>	<u>310,814</u>	<u>321,793</u>
Total state sources	<u>2,572,275</u>	<u>3,140,385</u>	<u>2,834,429</u>	<u>2,919,093</u>	<u>5,051,563</u>	<u>5,704,039</u>	<u>6,096,085</u>	<u>2,585,326</u>	<u>2,315,284</u>	<u>2,256,753</u>
Federal sources	<u>1,707,112</u>	<u>1,235,901</u>	<u>845,426</u>	<u>1,017,115</u>	<u>674,700</u>	<u>365,607</u>	<u>955,668</u>	<u>813,848</u>	<u>849,501</u>	<u>447,396</u>
Total revenues	8,475,986	8,482,306	6,847,810	7,079,000	8,818,801	9,387,911	9,979,520	7,153,564	5,273,077	5,039,343
Other financing sources	<u>535,954</u>	<u>548,507</u>	<u>398,322</u>	<u>169,374</u>	<u>236,811</u>	<u>-</u>	<u>342,735</u>	<u>88,476</u>	<u>112,922</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 9,011,940</u>	<u>\$ 9,030,813</u>	<u>\$ 7,246,132</u>	<u>\$ 7,248,374</u>	<u>\$ 9,055,612</u>	<u>\$ 9,387,911</u>	<u>\$ 10,322,255</u>	<u>\$ 7,242,040</u>	<u>\$ 5,385,999</u>	<u>\$ 5,039,343</u>

**Saginaw Intermediate School District
General Fund Revenues and Other Financing Sources by Source
Last Ten Fiscal Years (Unaudited)**

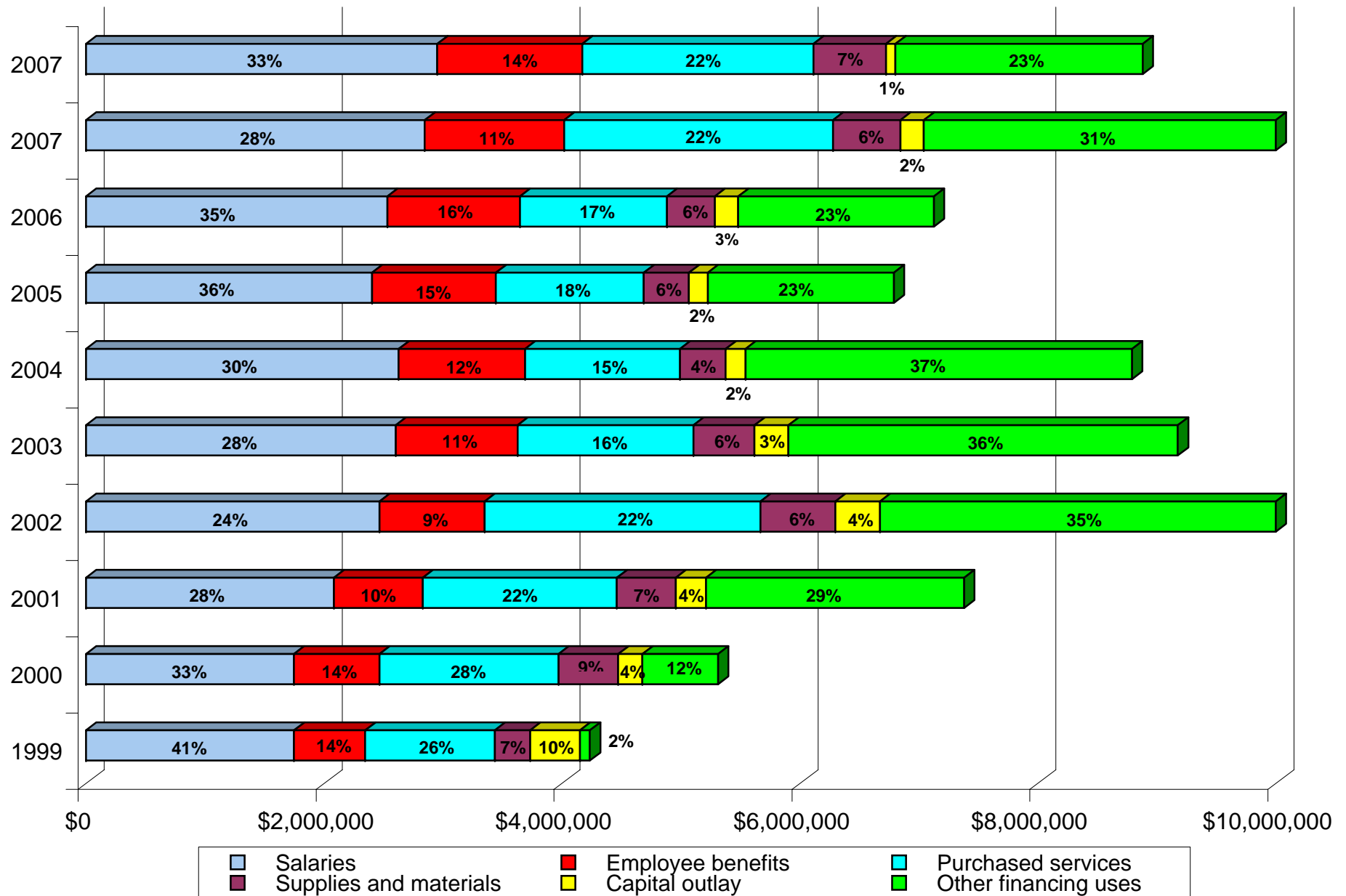


Saginaw Intermediate School District
General Fund Expenditures and Other Financing Uses by Function - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Expenditures										
Instruction										
Basic programs	\$ 40,272	\$ 73,017	\$ 68,283	\$ 57,939	\$ 61,294	\$ -	\$ -	\$ -	\$ 45,823	\$ 203,312
Supporting services										
Pupil services	21,660	50,317	18,733	21,120	21,977	111,526	92,188	87,691	77,850	65,000
Guidance	-	-	-	-	-	-	-	-	89	4,508
Instructional staff	3,052,802	2,893,019	2,112,057	2,102,710	2,423,096	2,081,358	2,244,197	1,920,916	1,744,646	1,096,015
Audiovisual	-	-	-	-	-	1,144,473	1,037,760	887,603	796,103	631,310
General administration	572,214	652,814	549,216	448,551	471,516	562,195	680,202	598,136	688,641	670,621
Business services	815,633	796,915	733,961	601,789	672,303	634,304	659,680	620,279	402,575	362,253
Operation and maintenance	652,705	729,724	569,572	579,720	422,670	422,189	475,824	458,162	461,464	403,652
Central staff	1,619,363	1,581,890	1,232,227	1,255,683	1,148,756	492,401	803,776	88,632	6,334	6,936
Other	19,724	106,501	21,810	21,827	140,745	130,667	258,847	245,121	243,718	277,956
Total supporting services	<u>6,754,101</u>	<u>6,811,180</u>	<u>5,237,576</u>	<u>5,031,400</u>	<u>5,301,063</u>	<u>5,579,113</u>	<u>6,252,474</u>	<u>4,906,540</u>	<u>4,421,420</u>	<u>3,518,251</u>
Community services	1,607	8,848	12,819	5,887	14,759	40,963	44,646	50,326	6,709	11,244
Capital outlay	82,114	196,140	198,759	159,713	165,621	284,605	376,837	253,294	202,726	419,916
Intergovernmental	<u>1,450,238</u>	<u>1,129,645</u>	<u>988,859</u>	<u>1,061,849</u>	<u>2,730,222</u>	<u>2,794,811</u>	<u>3,114,856</u>	<u>1,234,789</u>	<u>82,362</u>	<u>83,483</u>
Total expenditures	<u>8,328,332</u>	<u>8,218,830</u>	<u>6,506,296</u>	<u>6,316,788</u>	<u>8,272,959</u>	<u>8,699,492</u>	<u>9,788,813</u>	<u>6,444,949</u>	<u>4,759,040</u>	<u>4,236,206</u>
Other financing uses	<u>554,040</u>	<u>2,041,050</u>	<u>619,459</u>	<u>473,933</u>	<u>519,460</u>	<u>478,143</u>	<u>549,575</u>	<u>935,286</u>	<u>554,614</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 8,882,372</u>	<u>\$ 10,259,880</u>	<u>\$ 7,125,755</u>	<u>\$ 6,790,721</u>	<u>\$ 8,792,419</u>	<u>\$ 9,177,635</u>	<u>\$ 10,338,388</u>	<u>\$ 7,380,235</u>	<u>\$ 5,313,654</u>	<u>\$ 4,236,206</u>

Note - Beginning with the 2003-2004 fiscal year, the Michigan Department of Education required school districts to submit their year end financial information electronically to the State. This resulted in changes being made to the District's account coding structure, causing some programs to be shown under different functions above.

**Saginaw Intermediate School District
General Fund Expenditures and Other Financing Uses
Last Ten Fiscal Years (Unaudited)**

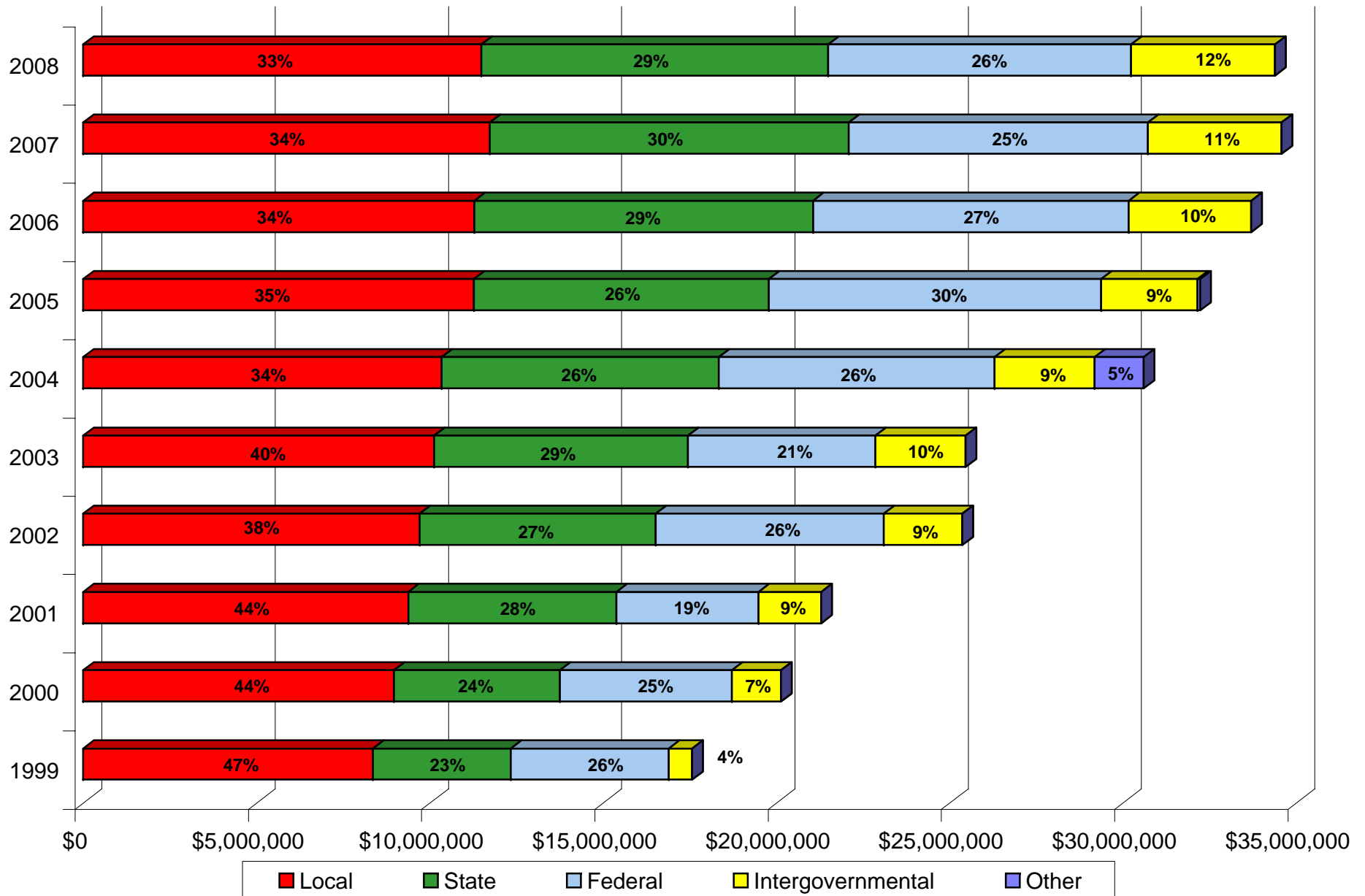


Saginaw Intermediate School District
Special Education Fund Revenues and Other Financing Sources by Source - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Local sources										
Property taxes	\$ 9,807,483	\$ 9,637,327	\$ 9,216,610	\$ 8,846,384	\$ 8,480,839	\$ 8,174,133	\$ 7,874,899	\$ 7,458,563	\$ 7,314,613	\$ 6,933,628
Earnings on investments	84,082	127,946	68,192	37,403	23,692	11,568	91,424	251,816	288,323	172,945
Medicaid reimbursement	1,460,138	1,834,608	1,863,200	2,044,974	1,609,999	1,767,009	1,597,611	1,506,077	1,222,963	1,115,909
Other	169,945	128,958	145,890	103,331	234,812	180,917	144,022	163,663	138,009	144,147
Total local sources	<u>11,521,648</u>	<u>11,728,839</u>	<u>11,293,892</u>	<u>11,032,092</u>	<u>10,349,342</u>	<u>10,133,627</u>	<u>9,707,956</u>	<u>9,380,119</u>	<u>8,963,908</u>	<u>8,366,629</u>
Intergovernmental sources	<u>4,126,577</u>	<u>3,849,997</u>	<u>3,534,013</u>	<u>3,013,558</u>	<u>2,889,218</u>	<u>2,612,444</u>	<u>2,263,221</u>	<u>1,815,868</u>	<u>1,417,310</u>	<u>674,203</u>
State sources										
State school aid - unrestricted	10,004,306	10,360,178	9,767,639	8,514,975	7,989,799	7,324,383	6,813,490	6,009,233	4,794,289	3,968,644
Federal sources	<u>8,742,171</u>	<u>8,642,855</u>	<u>9,112,624</u>	<u>9,589,388</u>	<u>7,964,254</u>	<u>5,400,169</u>	<u>6,583,539</u>	<u>4,097,612</u>	<u>4,967,445</u>	<u>4,563,416</u>
Total revenues	34,394,702	34,581,869	33,708,168	32,150,013	29,192,613	25,470,623	25,368,206	21,302,832	20,142,952	17,572,892
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,466</u>	<u>1,416,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 34,394,702</u>	<u>\$ 34,581,869</u>	<u>\$ 33,708,168</u>	<u>\$ 32,233,479</u>	<u>\$ 30,608,718</u>	<u>\$ 25,470,623</u>	<u>\$ 25,368,206</u>	<u>\$ 21,302,832</u>	<u>\$ 20,142,952</u>	<u>\$ 17,572,892</u>

Source - Saginaw ISD Comprehensive Annual Financial Reports

**Saginaw Intermediate School District
Special Education Fund Revenues and Other Financing Sources by Source
Last Ten Fiscal Years (Unaudited)**

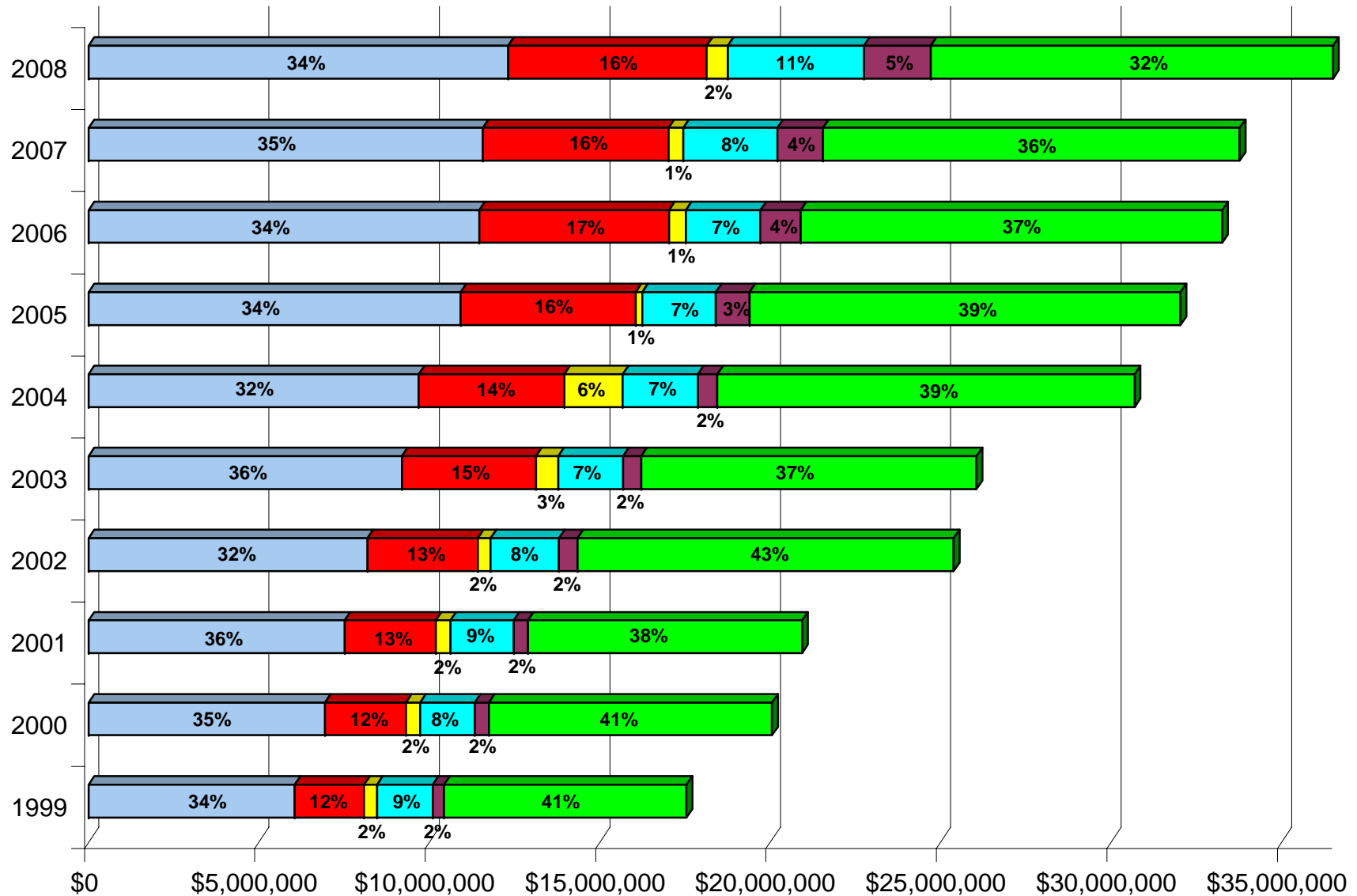


Saginaw Intermediate School District
Special Education Fund Expenditures and Other Financing Uses by Function - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Expenditures										
Instruction										
Special education	\$ 6,931,567	\$ 5,920,047	\$ 5,659,496	\$ 5,410,177	\$ 4,781,631	\$ 4,458,728	\$ 4,030,650	\$ 3,861,946	\$ 3,582,869	\$ 3,415,848
Supporting services										
Pupil services	7,422,336	6,605,427	6,251,014	5,797,936	5,322,340	4,734,381	4,219,561	3,788,574	3,270,545	2,736,784
Instructional staff	2,453,012	2,357,808	2,448,005	2,311,545	2,277,918	450,027	450,932	358,306	364,345	630,275
General administration	226,937	233,927	237,766	263,395	209,548	187,775	227,386	226,578	193,268	199,718
School administration	164,302	126,396	95,616	68,915	94,894	2,226,877	1,810,814	1,481,206	1,446,298	1,090,425
Business services	130,112	138,100	155,439	175,612	75,804	49,013	57,858	37,097	34,387	25,982
Operation and maintenance	1,657,172	1,201,548	1,040,374	881,303	843,262	899,226	924,646	737,848	737,226	603,667
Transportation	4,868,137	4,191,529	4,207,719	3,929,267	2,896,893	2,557,053	2,231,452	1,962,083	1,709,170	1,345,116
Central staff	231,537	332,687	313,719	357,666	228,767	2,646	2,897	-	-	-
Total supporting services	17,153,545	15,187,422	14,749,652	13,785,639	11,949,426	11,106,998	9,925,546	8,591,692	7,755,239	6,631,967
Community services	2,871	1,577	1,269	-	-	-	-	-	-	-
Capital outlay	621,411	431,137	483,967	194,850	1,716,287	652,930	382,360	437,919	409,384	381,449
Intergovernmental	11,131,152	11,553,842	11,682,322	11,988,070	11,864,694	9,683,836	10,539,142	7,779,501	8,033,328	7,114,514
Total expenditures	35,840,546	33,094,025	32,576,706	31,378,736	30,312,038	25,902,492	24,877,698	20,671,058	19,780,820	17,543,778
Other financing uses	673,811	680,105	685,849	657,109	376,966	146,849	504,034	262,979	269,705	-
Total expenditures and other financing uses	\$ 36,514,357	\$ 33,774,130	\$ 33,262,555	\$ 32,035,845	\$ 30,689,004	\$ 26,049,341	\$ 25,381,732	\$ 20,934,037	\$ 20,050,525	\$ 17,543,778

Note - Beginning with the 2003-2004 fiscal year, the Michigan Department of Education required school districts to submit their year end financial information electronically to the State. This resulted in changes being made to the District's account coding structure, causing some programs to be shown under different functions above.

**Saginaw Intermediate School District
Special Education Fund Expenditures and Other Financing Uses
Last Ten Fiscal Years (Unaudited)**



■ Salaries
 ■ Employee Benefits
 ■ Capital Outlay
 ■ Purchased Services
 ■ Supplies and Materials
 ■ Other Financing Uses

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REVENUE CAPACITY

These schedules contain information to help the reader assess and understand the factors that affect the District's ability to generate property tax revenue.

Saginaw Intermediate School District
State Taxable Value, Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	State Taxable Value			Assessed Value	Estimated Actual Value	Total Direct Property Tax Rate
	Homestead	Non-Homestead	Total			
2008	\$ 3,270,576,788	\$ 1,855,970,853	\$ 5,126,547,641	\$ 5,873,165,085	\$ 11,746,330,170	2.0695
2007	3,145,340,743	1,805,645,242	4,950,985,985	5,752,981,883	11,505,963,766	2.0872
2006	2,988,185,447	1,714,718,769	4,702,904,216	5,458,555,173	10,917,110,346	2.0872
2005	2,863,004,729	1,652,887,247	4,515,891,976	5,311,871,290	10,623,742,580	2.0876
2004	2,738,201,592	1,608,446,470	4,346,648,062	5,079,031,856	10,158,063,712	2.0885
2003	2,657,322,571	1,557,201,120	4,214,523,691	4,854,358,119	9,708,716,238	2.0885
2002	2,494,156,186	1,566,005,165	4,060,161,351	4,615,383,095	9,230,766,190	2.0885
2001	2,337,690,030	1,495,694,451	3,833,384,481	4,313,467,449	8,626,934,898	2.0910
2000	2,223,907,189	1,475,683,234	3,699,590,423	4,079,428,865	8,158,857,730	2.0910
1999	2,126,161,728	1,442,452,800	3,568,614,528	3,880,504,509	7,761,009,018	2.0910

Note: With the passage of Senate Bill 1 on August 19, 1993 and the subsequent approval of Proposal A by the State's voters in 1994, the growth of taxable values was limited to the lesser of the increase in the consumer price index or 3%, effective with the 1995-96 fiscal year. For this reason the taxable value of property doesn't keep up with its assessed valuation. The assessed value is based on 50% of the estimated actual value.

Source - Saginaw County Equalization Department

Saginaw Intermediate School District
Tax Base Composition
June 30, 2008
(Unaudited)

	Fiscal Year 2008		Fiscal Year 1999	
<u>By County</u>	<u>Taxable Value</u>	<u>Percent of Total</u>	<u>Taxable Value</u>	<u>Percent of Total</u>
Bay	\$ 6,237,212	0.12%	\$ 3,390,703	0.10%
Genesee	4,232,324	0.08%	2,642,498	0.07%
Gratiot	6,251,337	0.12%	4,289,262	0.12%
Midland	43,718,713	0.85%	26,501,664	0.74%
Saginaw	5,038,309,577	98.28%	3,512,025,117	98.41%
Shiawassee	13,176,088	0.26%	8,810,942	0.25%
Tuscola	14,622,390	0.29%	10,954,342	0.31%
Total	<u>\$ 5,126,547,641</u>	<u>100.00%</u>	<u>\$ 3,568,614,528</u>	<u>100.00%</u>
<u>By Class</u>				
Real Property	\$ 4,652,390,528	90.75%	\$ 3,016,041,460	84.52%
Personal Property	474,157,113	9.25%	552,573,068	15.48%
Total	<u>\$ 5,126,547,641</u>	<u>100.00%</u>	<u>\$ 3,568,614,528</u>	<u>100.00%</u>
<u>By Use</u>				
Agricultural	\$ 289,426,223	5.65%	\$ 254,806,089	7.14%
Commercial	1,080,185,643	21.07%	749,879,456	21.01%
Industrial	304,046,783	5.93%	389,483,768	10.91%
Residential	3,343,332,600	65.21%	2,056,135,614	57.62%
Timber Cutover	-	0.00%	1,808,458	0.05%
Utility	102,483,537	2.00%	111,150,041	3.12%
Developmental	7,072,856	0.14%	5,351,102	0.15%
Total	<u>\$ 5,126,547,642</u>	<u>100.00%</u>	<u>\$ 3,568,614,528</u>	<u>100.00%</u>

Source - Saginaw County Equalization Department

Saginaw Intermediate School District
Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years
(Unaudited)

<u>Saginaw Intermediate School District</u>							<u>Overlapping Rates</u>		
<u>Fiscal Year</u>	<u>General Allocated</u>	<u>Special Education</u>	<u>Total School District</u>	<u>State Education</u>	<u>Saginaw County</u>	<u>Delta College</u>	<u>City of Saginaw</u>	<u>City of Frankenmuth</u>	<u>City of Zilwaukee</u>
2008	0.1442	1.9253	2.0695	6.00	7.5349	2.0427	8.1233	9.60	13.3370
2007	0.1455	1.9417	2.0872	6.00	7.5265	2.0427	8.2130	9.60	13.3355
2006	0.1455	1.9417	2.0872	6.00	7.5362	2.0427	8.3717	9.60	13.3298
2005	0.1456	1.9420	2.0876	6.00	7.6343	2.0427	8.4944	9.60	13.3774
2004	0.1457	1.9428	2.0885	6.00	7.2352	2.5427	8.5638	9.60	13.3882
2003	0.1457	1.9428	2.0885	6.00	7.2022	2.5427	8.5345	9.60	13.3573
2002	0.1457	1.9428	2.0885	6.00	7.2067	2.5427	8.2785	9.60	13.3573
2001	0.1459	1.9451	2.0910	6.00	6.6358	2.0400	8.6100	9.60	13.3573
2000	0.1459	1.9451	2.0910	6.00	6.6800	2.0400	8.0700	9.60	13.3573
1999	0.1459	1.9451	2.0910	6.00	6.5600	2.0400	9.5200	9.60	13.3577

Note - The above figures indicate the number of mills levied for each area.

Source - Saginaw County Equalization Department

Saginaw Intermediate School District
Principal Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Principal Taxpayers	Type of Business	Fiscal Year 2008			Fiscal Year 1999		
		Taxable Value	Rank	Percent of Total	Taxable Value	Rank	Percent of Total
Delphi Automotive Systems	Automotive	\$ 107,767,310	1	2.10%	\$ 246,832,762	1	6.92%
Consumers Energy	Utility	93,703,360	2	1.83%	108,926,099	2	3.05%
Hemlock Semi-Conductor	Silicone mfg	43,489,624	3	0.85%	46,818,375	4	1.31%
General Motors	Automotive	40,344,141	4	0.79%	75,907,309	3	2.13%
Sahasa/SSP Associates	Real estate	25,406,836	5	0.50%	13,703,183	8	0.38%
Saginaw Joint Ventures (Fashion Square)	Shopping mall	22,799,280	6	0.44%	21,459,090	5	0.60%
Frankenmuth Bavarian Inn	Lodging/restaurant	21,968,856	7	0.43%	16,236,863	6	0.45%
Wal Mart	Retail Sales	20,858,510	8	0.41%	-	-	-
Birch Run Outlet Center	Shopping center	19,791,943	9	0.39%	15,264,372	7	0.43%
Dow Corning	Manufacturing	16,321,757	10	0.32%	11,579,040		0.32%
Great Lakes Gas Transmission	Utility	-		-	13,124,346	9	0.37%
Frankenmuth Mutual Insurance	Insurance	-		-	11,971,003	10	0.34%
Subtotal		412,451,617		8.06%	581,822,442		16.30%
All others		4,714,096,024		91.94%	2,986,792,086		83.70%
Totals		<u>\$ 5,126,547,641</u>		<u>100.00%</u>	<u>\$ 3,568,614,528</u>		<u>100.00%</u>

Source - Saginaw County Equalization Department

Saginaw Intermediate School District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (A)		Delinquent Taxes Collected (C)
		Amount	Percentage of Levy (B)	
2008	\$ 10,609,390	\$10,448,405	98.48%	\$ 88,511
2007	10,333,698	10,263,624	99.32%	95,871
2006	9,815,902	9,775,794	99.59%	42,714
2005	9,450,456	9,410,075	99.57%	39,827
2004	9,092,568	9,007,159	99.06%	12,528
2003	8,823,058	8,776,549	99.47%	10,304
2002	8,483,799	8,453,952	99.65%	11,523
2001	8,029,920	8,018,631	99.86%	-
2000	7,811,445	7,865,960	100.70%	125
1999	7,583,256	7,444,032	98.16%	7,298

(A) - Note that these columns are to reflect that portion of the levy that is collected prior to the end of the period for which it is levied. This period coincides with our fiscal year in our situation.

(B) - Note that collections are in excess of the tax levy in several years presented. This is primarily due to the collection of Industrial Facility Taxes. The total tax levy above does not include any levy generated by Industrial Facility Taxes. The District has deemed it immaterial to obtain this detail from the numerous tax collection authorities.

(C) - The District did not previously track delinquent tax collections to specific tax years, so the amount of each year's levy that was collected in subsequent years cannot be presented above. The amounts listed in this column are the total delinquent taxes collected in that fiscal year and not the amounts collected for that year's levy.

Source - Saginaw Intermediate School District

DEBT CAPACITY

These schedules contain information to help the reader assess the district's current level of outstanding debt as well as its ability to issue additional debt in the future.

Saginaw Intermediate School District
Outstanding Debt by Type - Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Percentage of Personal Income (A)	Debt Per Capita (A)
	General Obligation Bonds	<u>Installment Purchase Agreements</u>		Total		
		Saginet Project	Bus Purchases			
2008	\$ 3,425,000	\$ 585,557	\$ 280,000	\$ 4,290,557	0.0733%	\$ 21
2007	3,640,000	920,878	560,000	5,120,878	0.0875%	25
2006	3,845,000	463,364	840,000	5,148,364	0.0914%	25
2005	4,040,000	695,455	1,120,000	5,855,455	0.1055%	28
2004	4,000,000	916,072	1,416,105	6,332,177	0.1160%	30
2003	4,150,000	1,125,675	-	5,275,675	0.0998%	25
2002	4,280,000	1,324,791	-	5,604,791	0.1046%	27
2001	3,275,000	1,219,711	-	4,494,711	0.0836%	21
2000	3,365,000	-	-	3,365,000	0.0651%	16
1999	-	-	-	-	0.0000%	-

Note - The District had no outstanding debt in fiscal year 1999

(A) - See page 6 - 28 for personal income and population data. These ratios are calculated using the personal income and population figures from the prior calendar year. Since 2007 personal income data wasn't available, the 2006 personal income data was used for the 2008 calculation above.

Source - Saginaw Intermediate School District

Saginaw Intermediate School District
Schedule of Direct and Overlapping Bonded Debt
June 30, 2008
(Unaudited)

Direct Debt	Debt Outstanding	Estimated Percentage Applicable to District	Estimated Share of Debt	Debt per Capita (Pop 202,268)	Percent of Taxable Value (B)
General obligation bonds	\$ 3,425,000	100.00%	\$ 3,425,000	\$ 17	0.07%
<u>Overlapping Debt (A)</u>					
Cities	27,107,900	100.00%	27,107,900	134	0.53%
Townships	26,545,532	80.87%	21,466,651	106	0.42%
Villages	2,615,000	100.00%	2,615,000	13	0.05%
School Districts	232,108,241	100.00%	232,108,241	1,148	4.53%
Counties	221,101,067	24.60%	54,386,906	269	1.06%
Authority	10,555,000	0.04%	4,222	-	0.00%
Subtotal, overlapping debt	<u>520,032,740</u>		<u>337,688,920</u>	<u>1,670</u>	<u>6.59%</u>
Total direct and overlapping debt	<u>\$ 523,457,740</u>		<u>\$ 341,113,920</u>	<u>1,687</u>	<u>6.66%</u>

(A) Data Source for overlapping debt information is the Municipal Advisory Council of Michigan.

(B) The state taxable value for fiscal year 2008 equaled \$ 5,126,547,641. This valuation is for the 2007 tax year, which is the tax base for the District's 2008 fiscal year.

Note - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Saginaw Intermediate School District
Legal Debt Margin Information - Last Ten Fiscal Years
(Unaudited)

Fiscal Year	State Equalized Valuation (A)	Debt Limit (B)	Debt Outstanding	Legal Debt Margin	Total net debt applicable to the limit as a percentage of the debt limit
2008	\$ 5,873,165,085	\$ 6,525,739	\$ 3,425,000	\$ 3,100,739	52.5%
2007	5,752,981,883	6,392,202	3,640,000	2,752,202	56.9%
2006	5,458,555,173	6,065,061	3,845,000	2,220,061	63.4%
2005	5,311,871,290	5,902,079	4,040,000	1,862,079	68.5%
2004	5,079,031,856	5,643,369	4,000,000	1,643,369	70.9%
2003	4,854,358,119	5,393,731	4,150,000	1,243,731	76.9%
2002	4,615,383,095	5,128,203	4,280,000	848,203	83.5%
2001	4,313,467,449	4,792,742	3,275,000	1,517,742	68.3%
2000	4,079,428,865	4,532,699	3,365,000	1,167,699	74.2%
1999	3,880,504,509	4,311,672	-	4,311,672	0.0%

(A) Data Source: Saginaw County Equalization Department.

(B) The debt limit is statutorily set at 1/9 of 1% of the state equalized value

(C) Debt outstanding does not include Durant Bonds outstanding which are paid directly by the State of Michigan and thus are not included above.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules present various demographic and economic indicators in order to help the reader understand the environment within which the district operates and to help make comparisons over time as well as with other intermediate school districts.

Saginaw Intermediate School District
Demographic Statistics - Saginaw County
Last Ten Calendar Years
(Unaudited)

<u>Calendar Year</u>	<u>Population (Estimate) (A)</u>	<u>Personal Income (in thousands) - (B)</u>	<u>Per Capita Personal Income (B)</u>	<u>Unemployment Rate (C)</u>
2007	202,268	Not available	Not available	7.1%
2006	204,924	\$5,850,647	\$28,550	7.4%
2005	206,643	5,630,291	27,246	7.9%
2004	207,938	5,548,271	26,682	8.6%
2003	208,286	5,460,178	26,215	8.9%
2002	209,121	5,288,616	25,290	7.1%
2001	209,381	5,356,307	25,582	5.7%
2000	209,928	5,373,864	25,599	4.1%
1999	210,400	5,166,304	24,555	4.0%
1998	210,839	4,938,384	23,423	4.3%

(A) Source - Population Division, U.S. Census Bureau

(B) Source - Bureau of Economic Analysis, U.S. Department of Commerce - 2007 information was not available at this time

(C) Source - U.S. Department of Labor, Bureau of Labor Statistics Data - Yearly average, not seasonally adjusted

Saginaw Intermediate School District
Principal Employers - Current Year and Nine Years Ago
(Unaudited)

Employer	Type of Business	Fiscal Year 2008			Fiscal Year 1999		
		Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Covenant Healthcare	Medical	4,129	1	4.57%	4,000	2	4.12%
Delphi Automotive Systems	Automotive	3,873	2	4.29%	11,051	1	11.37%
St. Mary's of Michigan	Medical	2,200	3	2.44%	1,794	4	1.85%
Hemlock Semiconductor	Polycrystalline silicon	1,460	4	1.62%	350		0.36%
Saginaw Public Schools	Education	1,390	5	1.54%	Not available		
Frankenmuth Bavarian Inn	Restaurant, Hotel	1,000	6	1.11%	1,200	6	1.23%
Saginaw Valley State University	Education	924	7	1.02%	Not available		
Meijer	Department Store	825	8	0.91%	600	7	0.62%
Aleda E. Lutz Veteran Affairs Me	Medical	750	9	0.83%	Not available		
Zehnder's of Frankenmuth	Restaurant, Hotel	725	10	0.80%	500	10	0.51%
General Motors Powertrain	Automotive	600		0.66%	3,237	3	3.33%
Ameritech	Communication	-		-	1,390	5	1.43%
Eaton Corporation	Automotive parts & tools	-		-	560	8	0.58%
Frankenmuth Mutual	Insurance	588		0.65%	500	9	0.51%
Subtotal		18,464		20.44%	25,182		25.91%
All others		71,845		79.56%	71,998		74.09%
Totals		90,309		100.00%	97,180		100.00%

Note - The 1999 data for major employers in 2008 was not available for governmental entities, since major employers were only tracked for private entities in 1999. In 2008, Ameritech was now part of AT&T and Eaton Corporation had closed its plant in Saginaw County since 1999.

Source - Saginaw Future Inc. and Michigan Economic Development Corporation

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OPERATING INFORMATION

These schedules present various information about the district's operations and help the reader understand how the financial information that has been presented relates to the activities the district performs.

Saginaw Intermediate School District
Full-Time Equivalent Employees by Type - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year										Change from FY '99 to FY '08
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
General Administration and Operation											
Central administration	6	6	6	6	6	6	5	5	5	5	1
Technical - Technology	11	11	10	12	12	10	9	8	7	7	4
Technical - Finance	7	7	6	7	6	6	6	5	4	3	4
Secretarial	30	26	25	22	21	22	22	21	22	20	10
Custodial & Maintenance	16	15	14	12	12	11	10	9	10	10	6
Transportation	7	7	7	5	5	4	4	-	-	-	7
Food Service	8	10	10	9	9	7	7	7	8	7	1
Instruction and pupil support services											
Operational administration	15	15	13	11	10	8	9	7	6	5	10
Teachers - Special Education	41	41	40	41	40	44	41	41	41	37	4
Teachers - Head Start	42	43	37	-	-	-	-	-	-	-	42
Teachers - General	7	8	8	9	9	4	4	4	4	4	3
Classroom aides - Special Education	82	67	72	69	67	64	62	56	57	49	33
Classroom aides - Head Start	83	75	71	-	-	-	-	-	-	-	83
Psychologists	10	12	11	11	10	6	6	6	6	6	4
Social workers	10	10	10	10	11	8	8	6	6	4	6
Therapists - Speech, O.T., P.T.	26	24	23	24	22	19	19	16	16	14	12
Interpreters	5	5	5	5	5	3	2	2	2	-	5
Supervisors / consultants - Special Education	39	35	27	29	30	32	30	25	23	18	21
Supervisors / consultants - Head Start	38	37	36	-	-	-	-	-	-	-	38
Supervisors / consultants - General	5	5	6	2	2	1	1	2	2	2	3
Nursing	7	7	7	7	7	7	4	4	4	4	3
Bus drivers	56	56	54	48	45	29	28	27	24	18	38
Bus aides	41	39	39	47	38	25	22	21	18	15	26
Total	<u>592</u>	<u>561</u>	<u>537</u>	<u>386</u>	<u>367</u>	<u>316</u>	<u>299</u>	<u>272</u>	<u>265</u>	<u>228</u>	<u>364</u>

Source: Saginaw Intermediate School District

Saginaw Intermediate School District
Enrollment Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Students		
	Local School Districts	Saginaw ISD	Total Intermediate District
2008	33,116	427	33,543
2007	33,814	469	34,283
2006	34,667	477	35,144
2005	35,295	452	35,747
2004	35,641	434	36,075
2003	35,928	427	36,355
2002	36,127	401	36,528
2001	36,345	353	36,698
2000	36,619	338	36,957
1999	36,540	317	36,857

Data Source: Michigan Department of Education, FTE membership counts

Saginaw Intermediate School District
Teacher Base Salaries - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>BA Base Minimum Salary</u>	<u>MA / BA +30 Maximum Salary</u>
2008	\$ 37,465	\$ 76,295
2007	36,730	74,799
2006	36,010	73,332
2005	35,304	71,540
2004	34,782	70,483
2003	34,100	67,739
2002	33,107	65,766
2001	32,299	64,162
2000	31,435	62,445
1999	30,675	60,938

Source - Saginaw Intermediate School District, Personnel Department

Saginaw Intermediate School District
Capital Asset Information - Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<u>Buildings</u>										
Regional Educational Service Center										
Square Feet	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398
Employees	107	100	96	96	94	74	69	73	70	56
Melvin G. Millet Learning Center										
Square Feet	93,403	93,403	93,403	93,403	93,403	93,403	93,403	93,403	93,403	93,403
Employees	131	126	130	128	121	126	119	135	138	125
Hartley Outdoor Education Center										
Square Feet	14,682	14,682	14,682	14,682	14,682	14,682	14,682	14,682	14,682	14,682
Employees	14	14	14	14	14	14	14	14	13	12
Transitions Center										
Square Feet	52,320	52,320	39,260	39,260	39,260	39,260	39,260	-	-	-
Employees	54	47	47	44	46	41	40	-	-	-
<u>Transportation</u>										
Buses	59	58	51	51	47	32	29	27	23	18
Miles Driven	1,214,910	1,236,891	1,254,838	1,166,477	1,002,323	873,796	877,673	822,182	757,445	529,693

Source - Saginaw Intermediate School District

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Saginaw Intermediate School District

Saginaw, Michigan

Single Audit Report

June 30, 2008

CONTENTS

	<u>Page</u>
Single Audit Report	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	9
Schedule of Federal Financial Assistance Provided to Subrecipients	10
Schedule of Findings and Questioned Costs	14
Summary Schedule of Prior Audit Findings	16

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Members of the Board of Education
Saginaw Intermediate School District
Saginaw, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Saginaw Intermediate School District as of and for the year ended June 30, 2008, which collectively comprise Saginaw Intermediate School District's basic financial statements and have issued our report thereon dated October 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Saginaw Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Saginaw Intermediate School District's financial reporting. Accordingly, we do not express an opinion on the effectiveness of Saginaw Intermediate School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saginaw Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Saginaw Intermediate School District in a separate letter dated November 3, 2008.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Saginaw, Michigan

November 3, 2008

**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Members of the Board of Education
Saginaw Intermediate School District
Saginaw, Michigan

Compliance

We have audited the compliance of Saginaw Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Saginaw Intermediate School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Saginaw Intermediate School District's management. Our responsibility is to express an opinion on Saginaw Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Saginaw Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Saginaw Intermediate School District's compliance with those requirements.

In our opinion, Saginaw Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of Saginaw Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Saginaw Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Saginaw Intermediate School District as of and for the year ended June 30, 2008, and have issued our report thereon dated November 3, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Saginaw Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Saginaw, Michigan
November 3, 2008

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Food Distribution	10.550							
Commodities - Entitlement		\$ 8,231	\$ -	\$ -	\$ 8,231	\$ 8,231	\$ -	\$ -
Passed through Michigan Department of Education								
Nutrition Cluster								
National School Lunch								
071970 National School Breakfast	10.553	30,782	1,766	30,782	-	1,766	-	-
081970 National School Breakfast		34,826	-	-	34,826	32,537	-	2,289
			1,766	30,782	34,826	34,303	-	2,289
071950 Section 4 - Total Servings	10.555	8,064	474	8,064	-	474	-	-
081950 Section 4 - Total Servings		8,560	-	-	8,560	8,344	-	216
071960 Section 11 - Free and Reduced		42,676	2,760	42,676	-	2,760	-	-
081960 Section 11 - Free and Reduced		50,199	-	-	50,199	46,560	-	3,639
			3,234	50,740	58,759	58,138	-	3,855
Total Nutrition Cluster			5,000	81,522	93,585	92,441	-	6,144
071920 CCFP Meals	10.558	335,709	-	335,709	-	-	-	-
072010 Child Care Cash in Lieu		15,154	-	15,154	-	-	-	-
071920 CCFP Meals		335,000	-	-	412,896	408,182	-	4,714
072010 Child Care Cash in Lieu		15,000	-	-	20,084	19,858	-	226
			-	350,863	432,980	428,040	-	4,940
Total U.S. Department of Agriculture			5,000	432,385	534,796	528,712	-	11,084
U.S. Department of Labor								
Passed through Saginaw, Midland, Bay Michigan Works Agency								
WIA Youth Activities	17.259							
In school services - 276-67436-95513-07		184,040	63,372	103,319	-	63,372	-	-
Out-of-school services - 276-67436-95514-07		206,826	57,033	103,329	-	57,033	-	-
In school services - 67436-95513-08		408,552	-	-	374,139	282,119	-	92,020
Out-of-school services - 67436-95514-08		421,544	-	-	367,493	263,956	-	103,537
			120,405	206,648	741,632	666,480	-	195,557

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

<u>Federal Grantor Pass-Through Grantor Program Title Grant Number</u>	<u>Federal CFDA Number</u>	<u>Approved Grant Amount</u>	<u>Accrued (Deferred) Revenue July 1, 2007</u>	<u>(Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts</u>	<u>Adjustments</u>	<u>Accrued (Deferred) Revenue June 30, 2008</u>
U.S. Department of Labor								
Passed through Michigan Department of Labor and Economic Growth								
Michigan High Tech Connections	17.720							
MI Connections		\$ 15,000	\$ (553)	\$ 14,447	\$ 75	\$ -	\$ -	\$ (478)
Total U.S. Department of Labor			119,852	221,095	741,707	666,480	-	195,079
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I	84.010							
071700/0607 Prevention Intervention for Delinquents		61,039	1,230	56,230	4,809	6,039	-	-
061570/0607 Regional Assistance		140,000	15,033	15,033	124,967	140,000	-	-
081700/0708 Prevention Intervention for Delinquents		99,503	-	-	76,555	45,000	-	31,555
071570/0708 Regional Assistance		140,000	-	-	128,906	85,000	-	43,906
			16,263	71,263	335,237	276,039	-	75,461
Special Education Cluster								
070450/0607 PL 94-142 Flow-Through	84.027	7,819,129	2,703,727	7,703,727	115,402	2,819,129	-	-
080450/0708 PL 94-142 Flow-Through		7,799,277	-	-	7,745,817	6,125,000	-	1,620,817
070490-TS State Initiated/Department		105,000	29,234	99,234	-	29,234	-	-
080490-TS State Initiated/Department		85,000	-	-	66,780	38,000	-	28,780
080480-EOSD State Initiated/Competitive		60,000	-	-	60,000	30,000	-	30,000
070440/0607 - Service Provider Self-Review		3,000	1,523	1,523	-	1,523	-	-
080440/0708 - Service Provider Self-Review		4,000	-	-	4,000	-	-	4,000
			2,734,484	7,804,484	7,991,999	9,042,886	-	1,683,597
Passed through Michigan Department of Education								
070460/0607 PL 94-142 Preschool Incentive	84.173	292,980	101,147	291,147	1,833	101,000	-	1,980
070460/0607 PL 94-142 Preschool Incentive		291,660	-	-	289,194	220,000	-	69,194
			101,147	291,147	291,027	321,000	-	71,174
Passed through Grand Valley State University								
080440-0708 START Regional Collaborative Network		25,600	-	-	7,497	-	-	7,497
Total Special Education Cluster			2,835,631	8,095,631	8,290,523	9,363,886	-	1,762,268

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Education								
Passed through Michigan Department of Education								
Infant and Toddler Formula	84.181							
071340/190 Infant and Toddler Formula		\$ 302,237	\$ 76,573	\$ 284,573	\$ 17,664	\$ 94,237	\$ -	\$ -
081340/190 Infant and Toddler Formula		269,453	-	-	254,602	120,000	-	134,602
			<u>76,573</u>	<u>284,573</u>	<u>272,266</u>	<u>214,237</u>	<u>-</u>	<u>134,602</u>
Drug-free schools	84.186							
062860/0607 Drug-free schools		50,038	9,038	50,038	-	9,038	-	-
072860/0607 Drug-free schools		109,047	11,212	81,212	-	11,212	-	-
072860/0708 Drug-free schools		27,834	-	-	27,834	27,000	-	834
082860/0708 Drug-free schools		108,271	-	-	106,442	90,000	-	16,442
			<u>20,250</u>	<u>131,250</u>	<u>134,276</u>	<u>137,250</u>	<u>-</u>	<u>17,276</u>
Even Start								
070390/D0718CES Even Start	84.213	182,787	28,076	158,076	-	28,076	-	-
Received directly from U.S. Department of Education								
Partnerships in Character Education - FY '07 award	84.215S	298,610	25,180	253,180	45,430	70,610	-	-
Partnerships in Character Education - FY '08 award		299,528	-	-	288,970	202,390	-	86,580
			<u>25,180</u>	<u>253,180</u>	<u>334,400</u>	<u>273,000</u>	<u>-</u>	<u>86,580</u>
Passed through Delta College								
Tech Prep grant	84.243	3,000	2,659	2,659	-	2,659	-	-
Tech Prep grant		3,000	-	-	2,940	-	-	2,940
			<u>2,659</u>	<u>2,659</u>	<u>2,940</u>	<u>2,659</u>	<u>-</u>	<u>2,940</u>
Passed through Michigan Department of Education								
Title V	84.298							
070250/0607 Title V		16,294	5,162	11,162	2,901	8,063	-	-
070250/0607 Title V		16,917	-	-	13,951	8,500	-	5,451
			<u>5,162</u>	<u>11,162</u>	<u>16,852</u>	<u>16,563</u>	<u>-</u>	<u>5,451</u>
Reading First	84.357							
072910 / 0607		242,031	137,188	242,031	-	137,188	-	-
082910 / 0708		257,969	-	-	228,001	170,000	-	58,001
			<u>137,188</u>	<u>242,031</u>	<u>228,001</u>	<u>307,188</u>	<u>-</u>	<u>58,001</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Education								
Passed through Michigan Department of Education								
Title IIA - Teacher Quality	84.367							
070520/0607 Title IIA - Teacher Quality		\$ 1,169	\$ 14	\$ 1,014	\$ -	\$ 14	\$ -	\$ -
080520/0708 Title IIA - Teacher Quality		1,324	-	-	354	350	-	4
			14	1,014	354	364	-	4
Total U.S. Department of Education			3,146,996	9,250,839	9,614,849	10,619,262	-	2,142,583
U.S. Department of Health and Human Services								
2006-G054122-4151 - Head Start Operating	93.600	3,761,106	-	3,735,141	25,965	25,965	-	-
2006-G054122-4151 - Head Start Start-up		558,675	-	455,299	103,376	103,376	-	-
2007-G054122-4151 - Head Start Operating		6,434,505	746,530	6,123,112	299,232	1,045,762	-	-
2007-G054122-4151 - Head Start		75,059	-	73,059	2,000	2,000	-	-
2008-G054122-4151 - Head Start Operating		6,434,505	-	-	6,401,556	5,702,838	-	698,718
2008-G054122-4151 - Head Start		75,059	-	-	75,059	75,059	-	-
			746,530	10,386,611	6,907,188	6,955,000	-	698,718
Passed through Saginaw Valley Regional 4C's Association								
Workfirst	93.558	25,000	169	18,556	4,588	4,932	175	-
Workfirst		25,000	-	-	16,243	15,677	-	566
			169	18,556	20,831	20,609	175	566
Training Contracts	93.575	30,600	3,151	25,541	4,572	9,896	2,173	-
Training Contracts		30,600	-	-	30,600	22,773	-	7,827
			3,151	25,541	35,172	32,669	2,173	7,827
Child Care and Development Block Grant	93.596	312,861	68,993	188,106	78,941	150,696	2,762	-
Child Care and Development Block Grant		312,861	-	-	210,726	171,995	-	38,731
			68,993	188,106	289,667	322,691	2,762	35,969
Passed through Tuscola Intermediate School District								
Medicaid Transportation	93.778	50,690	-	-	50,690	50,690	-	-
Medicaid Outreach		195,137	-	-	195,137	195,137	-	-
			-	-	245,827	245,827	-	-
Total U.S. Department of Health and Human Services			818,843	10,618,814	7,498,685	7,576,796	5,110	743,080
Total Federal Financial Assistance			\$ 4,090,691	\$ 20,523,133	\$ 18,390,037	\$ 19,391,250	\$ 5,110	\$ 3,091,826

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Saginaw Intermediate School District
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2008

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2008.
3. The federal amounts reported on the Form R-7120 "Grant Sections Auditor's Report" and the "Grant Auditor Report" are in agreement with the Schedule of Expenditures of Federal Awards, except for National School Breakfast and Lunch payments made near the end of the two fiscal years on the Grant Section Auditors Report not received until the following year by the District.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.
5. The difference in Expenditures of Federal Awards and the financial statements is reconciled as follows:

Federal revenues per the financial statements	\$18,303,457
Revenues received after 60 days of year end for the current year	<u>86,580</u>
Expenditures per the Schedule of Federal Awards	<u>\$18,390,037</u>

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards Provided to Subrecipients
Year Ended June 30, 2008

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Subrecipient Award/ Contract Amount</u>	<u>Due to/(From) Subrecipient July 1, 2007</u>	<u>(Memo Only) Prior Year Expenditures of Subrecipient</u>	<u>Current Year Expenditures of Subrecipient</u>	<u>Current Year Cash Payment To Subrecipient</u>	<u>Adjustments</u>	<u>Due to/(From) Subrecipient June 30, 2008</u>
WIA Youth Activities	17.259								
Sag. Co. Business & Education Partnership		FY '07	\$ 20,174	\$ 3,058	\$ 20,174	\$ -	\$ 3,058	\$ -	\$ -
SVRC Industries, Inc. - In school services		FY '07	159,226	31,690	76,831	-	31,690	-	-
SVRC Industries, Inc. - Out-of-school services		FY '07	201,917	24,022	95,576	-	24,022	-	-
Sag. Co. Business & Education Partnership		FY '08	46,087	-	-	46,087	37,804	-	8,283
SVRC Industries, Inc. - In school services		FY '08	368,357	-	-	324,055	276,279	-	47,776
SVRC Industries, Inc. - Out-of-school services		FY '08	408,251	-	-	353,298	292,112	-	61,186
				58,770	192,581	723,440	664,965	-	117,245
Title 1 - Prevention Intervention for Delinquent	84.010								
SVRC Industries, Inc.		071700-0607	61,039	9,220	56,230	4,809	14,029	-	-
SVRC Industries, Inc.		081700-0708	91,225	-	-	67,182	63,325	-	3,857
Saginaw County Sheriff's Department		081700-0708	10,984	-	-	9,373	5,833	-	3,540
				9,220	56,230	81,364	83,187	-	7,397
IDEA Flow-Through	84.027								
Birch Run Area Schools		070450-0607	235,431	51,072	222,321	13,110	64,182	-	-
Bridgeport-Spaulding Community School		070450-0607	386,935	141,818	377,743	9,192	151,010	-	-
Frances Reh Public Academy		070450-0607	56,678	15,204	56,678	-	15,204	-	-
Freeland Community School District		070450-0607	198,372	198,372	198,372	-	198,372	-	-
North Saginaw Charter Academy		070450-0607	67,577	-	-	67,577	67,577	-	-
School District of the City of Saginaw		070450-0607	2,457,576	965,777	2,447,158	-	965,777	-	-
Saginaw Learn To Earn Academy		070450-0607	49,048	31,208	35,125	13,923	45,131	-	-
Saginaw Township Community School		070450-0607	724,821	109,810	724,821	-	109,810	-	-
St. Charles Community School		070450-0607	184,203	184,203	184,203	-	184,203	-	-
Swan Valley School District		070450-0607	257,230	47,493	257,230	-	47,493	-	-
Birch Run Area Schools		080450-0708	254,726	-	-	243,372	144,596	-	98,776
Bridgeport-Spaulding Community School		080450-0708	369,516	-	-	369,516	290,531	-	78,985
Buena Vista School District		080450-0708	253,632	-	-	253,632	180,231	-	73,401
Carrollton Public Schools		080450-0708	336,719	-	-	331,319	242,340	-	88,979
Carrollton Public Schools - Post Secondary		080450-0708	145,401	-	-	145,401	145,401	-	-
Chesaning Union Schools		080450-0708	324,693	-	-	324,693	-	-	324,693
Frances Reh Public Academy		080450-0708	48,103	-	-	48,103	48,103	-	-
Frankenmuth School District		080450-0708	178,199	-	-	178,199	178,199	-	-
Freeland Community School District		080450-0708	209,903	-	-	209,903	167,923	-	41,980
Hemlock Public Schools		080450-0708	219,742	-	-	216,472	173,071	-	43,401
Merrill Community School District		080450-0708	149,774	-	-	149,774	-	-	149,774
North Saginaw Charter Academy		080450-0708	74,341	-	-	50,782	50,782	-	-
Holy Cross Children's Services		080450-0708	42,636	-	-	37,118	37,118	-	-
School District of the City of Saginaw		080450-0708	2,331,309	-	-	2,331,309	2,249,884	-	81,425
Saginaw Preparatory Academy		080450-0708	28,424	-	-	28,424	28,424	-	-
Saginaw Learn To Earn Academy		080450-0708	40,450	-	-	36,091	31,147	-	4,944
Saginaw Township Community School		080450-0708	810,093	-	-	810,093	621,026	-	189,067
St. Charles Community School		080450-0708	191,317	-	-	191,317	191,317	-	-
Swan Valley School District		080450-0708	263,472	-	-	263,472	217,060	-	46,412
				1,744,957	4,503,651	6,322,792	6,845,912	-	1,221,837

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards Provided to Subrecipients
Year Ended June 30, 2008

Program Title/Subrecipient	Federal CFDA Number	Pass-Through Grantor Number	Subrecipient Award/ Contract Amount	Due to/(From) Subrecipient July 1, 2007	(Memo Only) Prior Year Expenditures of Subrecipient	Current Year Expenditures of Subrecipient	Current Year Cash Payment To Subrecipient	Adjustments	Due to/(From) Subrecipient June 30, 2008
IDEA Preschool Incentive	84.173								
Birch Run Area Schools		070460-0607	\$ 10,999	\$ 6,862	\$ 10,999	\$ -	\$ 6,862	\$ -	\$ -
Bridgeport-Spaulding Community School		070460-0607	16,957	4,137	16,957	-	4,137	-	-
Buena Vista School District		070460-0607	4,125	4,125	4,125	-	4,125	-	-
Chesaning Union Schools		070460-0607	16,499	16,499	16,499	-	16,499	-	-
North Saginaw Charter Academy		070460-0607	1,833	-	-	-	-	-	-
School District of the City of Saginaw		070460-0607	92,578	41,826	92,578	-	41,826	-	-
Saginaw Township Community School		070460-0607	51,330	8,378	51,330	-	8,378	-	-
Birch Run Area Schools		080460-0708	14,304	-	-	14,304	5,063	-	9,241
Bridgeport-Spaulding Community School		080460-0708	18,743	-	-	18,743	14,013	-	4,730
Buena Vista School District		080460-0708	5,919	-	-	5,919	4,187	-	1,732
Chesaning Union Schools		080460-0708	15,290	-	-	15,290	-	-	15,290
Frankenmuth School District		080460-0708	7,399	-	-	7,399	7,399	-	-
North Saginaw Charter Academy		080460-0708	2,466	-	-	-	-	-	-
Saginaw Preparatory Academy		080460-0708	986	-	-	986	986	-	-
School District of the City of Saginaw		080460-0708	81,877	-	-	81,877	79,088	-	2,789
Saginaw Township Community School		080460-0708	62,147	-	-	62,147	46,128	-	16,019
				81,827	192,488	206,665	238,691	-	49,801
Infant and Toddler Formula	84.181								
Chesaning Union Schools		071340-190	2,150	-	-	2,150	2,150	-	-
School District of the City of Saginaw		071340-190	21,400	21,400	-	-	21,400	-	-
Chesaning Union Schools		081340-190	2,775	-	-	-	-	-	-
School District of the City of Saginaw		081340-190	21,700	-	-	21,700	-	-	21,700
Saginaw Co. Comm. Mental Health Authority		081340-190	2,300	-	-	2,300	1,532	-	768
Saginaw Co. Dept. of Public Health		081340-190	136,000	-	-	136,000	68,000	-	68,000
				21,400	-	162,150	93,082	-	90,468
Drug Free	84.186								
Chesaning Union Schools		072860-0607	3,314	3,314	-	-	3,314	-	-
Merrill Community Schools		072860-0607	1,474	300	-	-	300	-	-
Birch Run Area Schools		082860-0708	2,637	-	-	2,637	2,637	-	-
Bridgeport-Spaulding Community School		082860-0708	5,491	-	-	5,491	5,491	-	-
Buena Vista School District		082860-0708	5,818	-	-	5,818	5,818	-	-
Carrollton Public Schools		082860-0708	2,347	-	-	2,347	2,347	-	-
Chesaning Union Schools		082860-0708	3,217	-	-	3,217	-	-	3,217
Francis Reh Academy		082860-0708	1,646	-	-	1,646	1,646	-	-
Frankenmuth School District		082860-0708	1,478	-	-	1,478	1,478	-	-
Freeland Community School		082860-0708	1,795	-	-	1,795	1,795	-	-
Hemlock Public Schools		082860-0708	1,864	-	-	1,864	1,864	-	-
Merrill Community Schools		082860-0708	1,412	-	-	1,409	1,409	-	-
Saginaw County Transition Academy		082860-0708	21	-	-	21	21	-	-
Saginaw Learn To Earn Academy		082860-0708	354	-	-	354	354	-	-
Saginaw Preparatory Academy		082860-0708	1,466	-	-	-	-	-	-
Saginaw Township Community School		082860-0708	5,915	-	-	5,915	5,915	-	-
St. Charles Community School		082860-0708	1,899	-	-	1,899	1,899	-	-
Swan Valley School District		082860-0708	1,892	-	-	1,892	1,892	-	-
				3,614	-	37,783	38,180	-	3,217

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards Provided to Subrecipients
Year Ended June 30, 2008

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Subrecipient Award/ Contract Amount</u>	<u>Due to/(From) Subrecipient July 1, 2007</u>	<u>(Memo Only) Prior Year Expenditures of Subrecipient</u>	<u>Current Year Expenditures of Subrecipient</u>	<u>Current Year Cash Payment To Subrecipient</u>	<u>Adjustments</u>	<u>Due to/(From) Subrecipient June 30, 2008</u>
Even Start	84.213								
Teen Parent Services		070390/D0718CES	\$ 99,378	\$ 10,734	\$ 81,888	\$ -	\$ 10,734	\$ -	\$ -
				<u>10,734</u>	<u>81,888</u>	<u>-</u>	<u>10,734</u>	<u>-</u>	<u>-</u>
Title V	84.298								
Holy Cross Lutheran Schoc		080250-0708	250	-	-	226	226	-	-
Nouvel Catholic Central High Schoc		080250-0708	896	-	-	745	745	-	-
SS Peter & Paul Catholic Schoc		080250-0708	97	-	-	96	96	-	-
St. Helen Schoc		080250-0708	243	-	-	211	211	-	-
St. Paul Lutheran Schoc		080250-0708	259	-	-	259	259	-	-
St. Stephen Parish Schoc		080250-0708	646	-	-	516	516	-	-
St. Thomas Aquinas Schoc		080250-0708	705	-	-	431	431	-	-
Valley Lutheran High Schoc		080250-0708	636	-	-	574	574	-	-
				<u>-</u>	<u>-</u>	<u>3,058</u>	<u>3,058</u>	<u>-</u>	<u>-</u>
Reading First	84.357								
Bay-Arenac ISD		072910-0607	18,567	18,567	18,567	-	18,567	-	-
Clare-Gladwin RESD		072910-0607	11,815	11,814	11,814	-	11,814	-	-
Gratiot-Isabella RESC		072910-0607	20,255	-	20,255	-	-	-	-
Huron ISD		072910-0607	10,127	10,127	10,127	-	10,127	-	-
Midland County ESA		072910-0607	20,255	20,255	20,255	-	20,255	-	-
Montcalm Area ISC		072910-0607	16,879	5,211	13,303	-	5,211	-	-
Sanilac ISD		072910-0607	8,439	8,424	8,424	-	8,424	-	-
Tuscola ISD		072910-0607	15,191	15,191	15,191	-	15,191	-	-
Bay-Arenac ISD		082910-0708	13,077	-	-	13,077	-	-	13,077
Clare-Gladwin RESD		082910-0708	11,801	-	-	11,801	11,801	-	-
Gratiot-Isabella RESC		082910-0708	23,602	-	-	23,602	19,876	-	3,726
Huron ISD		082910-0708	7,814	-	-	3,474	3,474	-	-
Midland County ESA		082910-0708	17,861	-	-	17,861	-	-	17,861
Montcalm Area ISC		082910-0708	19,683	-	-	19,683	19,683	-	-
Sanilac ISD		082910-0708	6,219	-	-	6,219	-	-	6,219
Tuscola ISD		082910-0708	12,598	-	-	9,852	-	-	9,852
				<u>89,589</u>	<u>117,936</u>	<u>105,569</u>	<u>144,423</u>	<u>-</u>	<u>50,735</u>

Saginaw Intermediate School District
Schedule of Expenditures of Federal Awards Provided to Subrecipients
Year Ended June 30, 2008

Program Title/Subrecipient	Federal CFDA Number	Pass-Through Grantor Number	Subrecipient Award/ Contract Amount	Due to/(From) Subrecipient July 1, 2007	(Memo Only) Prior Year Expenditures of Subrecipient	Current Year Expenditures of Subrecipient	Current Year Cash Payment To Subrecipient	Adjustments	Due to/(From) Subrecipient June 30, 2008
Medicaid Administrative Outreach	93.778								
Birch Run Area Schools		FY '07	\$ 9,257	\$ 1,897	\$ 9,257	\$ -	\$ 1,897	\$ -	\$ -
Bridgeport-Spaulding Community School		FY '07	13,506	2,641	13,506	-	2,641	-	-
Buena Vista School District		FY '07	4,167	996	4,167	-	996	-	-
Carrollton Public Schools		FY '07	8,296	1,636	8,296	-	1,636	-	-
Chesaning Union Schools		FY '07	8,426	1,944	8,426	-	1,944	-	-
Frankenmuth School District		FY '07	6,844	1,529	6,844	-	1,529	-	-
Freeland Community School		FY '07	4,210	964	4,210	-	964	-	-
Hemlock Public Schools		FY '07	2,625	587	2,625	-	587	-	-
Merrill Community Schools		FY '07	2,809	622	2,809	-	622	-	-
School District of the City of Saginaw		FY '07	59,503	12,798	59,503	-	12,798	-	-
Saginaw Township Community School		FY '07	27,595	6,967	27,595	-	6,967	-	-
St. Charles Community School		FY '07	3,322	700	3,322	-	700	-	-
Birch Run Area Schools		FY '08	7,573	-	-	7,573	7,573	-	-
Bridgeport-Spaulding Community School		FY '08	9,505	-	-	9,505	9,505	-	-
Buena Vista School District		FY '08	3,216	-	-	3,216	3,216	-	-
Carrollton Public Schools		FY '08	6,383	-	-	6,383	6,383	-	-
Chesaning Union Schools		FY '08	8,140	-	-	8,140	8,140	-	-
Frankenmuth School District		FY '08	5,413	-	-	5,413	5,413	-	-
Freeland Community School		FY '08	3,745	-	-	3,745	3,745	-	-
Hemlock Public Schools		FY '08	2,597	-	-	2,597	2,597	-	-
Merrill Community Schools		FY '08	2,765	-	-	2,765	2,765	-	-
School District of the City of Saginaw		FY '08	51,106	-	-	51,106	51,106	-	-
Saginaw Township Community School		FY '08	28,198	-	-	28,198	28,198	-	-
St. Charles Community School		FY '08	3,017	-	-	3,017	3,017	-	-
Swan Valley School District		FY '08	7,565	-	-	7,565	7,565	-	-
				<u>33,281</u>	<u>150,560</u>	<u>139,223</u>	<u>172,504</u>	<u>-</u>	<u>-</u>
Medicaid Transportation	93.778								
Birch Run Area Schools		FY '07	158	63	158	-	63	-	-
Bridgeport-Spaulding Community School		FY '07	672	158	672	-	158	-	-
School District of the City of Saginaw		FY '07	15,215	2,205	15,215	-	2,205	-	-
Birch Run Area Schools		FY '08	435	-	-	435	348	-	87
Bridgeport-Spaulding Community School		FY '08	641	-	-	641	546	-	95
Hemlock Public Schools		FY '08	24	-	-	24	24	-	-
School District of the City of Saginaw		FY '08	14,251	-	-	14,251	13,681	-	570
				<u>2,426</u>	<u>16,045</u>	<u>15,351</u>	<u>17,025</u>	<u>-</u>	<u>752</u>
Total Federal Financial Assistance Provided to Subrecipients				<u>\$ 2,055,818</u>	<u>\$ 5,311,379</u>	<u>\$ 7,797,395</u>	<u>\$ 8,311,761</u>	<u>\$ -</u>	<u>\$ 1,541,452</u>

Saginaw Intermediate School District
Schedule of Findings and Questioned Costs
June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.027 and 84.173	Special Education Cluster
17.259	WIA Youth

Dollar threshold used to distinguish between type A and type B programs:

\$ 551,700

Auditee qualified as low-risk auditee?

 X yes _____ no

Saginaw Intermediate School District
Schedule of Findings and Questioned Costs
June 30, 2008
(continued)

SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS

There were no findings related to the financial statements which are required to be reported in accordance with government auditing standards generally accepted in the United States of America for the year ended June 30, 2008.

SECTION III - FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2008.

**Saginaw Intermediate School District
Summary Schedule of Prior Audit Findings
June 30, 2008**

There were no audit findings for the year ended June 30, 2007.



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November 3, 2008

Management and the Board of Education
Saginaw Intermediate School District
6235 Gratiot Road
Saginaw, Michigan, 48603

Dear Management and Board of Education:

We have completed our audit of the financial statements of Saginaw Intermediate School District as of and for the year ended June 30, 2008 and have issued our report dated November 3, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditors' Communication of Significant Matters with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel in the organization during the audit and would also be pleased to meet with you to discuss these matters at your convenience, if you so desire.

These communications are intended solely for the information and use of management, the Board of Education, others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

Yeo & Yeo, P.C.
Saginaw, Michigan

Appendix I
Communication to Those Charged with Governance

Responsibilities under generally accepted auditing standards

As stated in our engagement letter dated, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit as outlined in our engagement letter dated June 10, 2008 related to planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in Note 1 of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected. The most sensitive accounting estimates and how they were derived by management are:
 - The allowance for doubtful accounts, which management has estimated to be zero based on the assumption that all amounts are fully collectible.
 - The estimate for incurred but not reported health insurance claims, which management has determined based on using an average of monthly claims and estimating the lag time before those claims are reported.
 - The estimate for compensated absences, which is based on employees current wage rates and hours accrued and the likelihood that the amounts will be paid out.
- Disclosures in the financial statements are neutral, consistent and clear. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements. None of the disclosures were considered to be sensitive in nature.

Difficulties Encountered During the Audit

No difficulties were encountered during the audit.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all but the following adjustments. Management has determined that the effects of the uncorrected misstatements attached are immaterial both individually and in the aggregate, qualitatively and quantitatively, to the financial statements taken as a whole.

General Fund

<u>Description</u>	Amount of over (under) statement			
	<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Net Assets</u>
Cash receipts received 60 days after year end were recorded as revenue instead of deferred	\$ -	\$ (29,404)	\$ 29,404	\$ 29,404
MEBS self fund insurance booked at the estimate not actual		18,420	18,420	18,420
Hartley revenue received was recorded as deferred instead of recognizing revenue and restricting fund balance		33,000	(33,000)	(33,000)
Cell phone E-credits received during the year were not booked as a prepaid and reduction of expenses	(16,177)	-	-	(16,177)
Total General Fund	\$ (16,177)	\$ 22,016	\$ 14,824	\$ (1,353)

Special Education Fund

<u>Description</u>	Amount of over (under) statement			
	<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Net Assets</u>
Speech Therapy costs in excess of billings not recorded as additional A/R. Would not have been collected within 60 days therefore it would be deferred as well	\$ (12,228)	\$ (12,228)	\$ -	\$ -
Cash receipts received 60 days after year end were recorded as revenue instead of deferred	-	(90,817)	90,817	90,817
Total Special Education Fund	\$ (12,228)	\$ (103,045)	\$ 90,817	\$ 90,817

Cooperative Education Fund

<u>Description</u>	Amount of over (under) statement			
	<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Net Assets</u>
Cash receipts received 60 days after year end were recorded as revenue instead of deferred	\$ -	\$ (20,405)	\$ 20,405	\$ -
Total Cooperative Education Fund	-	(20,405)	20,405	-
Total All funds	\$ (28,405)	\$ (101,434)	\$ 126,046	\$ 89,464

The following material misstatements were detected as a result of our audit procedures and corrected by management.

	General Fund	Special Education Fund	Other Funds	Total
Total Change in fund balance prior to audit	\$ 247,711	\$ (2,122,152)	\$ (132,837)	\$ (2,007,278)
Journal entries posted:				
To record interest income on the MILAF account	-	15,849	-	15,849
To defer revenue received outside the 60 day window	(118,143)	-	-	(118,143)
Other entries and client requested entries	<u>-</u>	<u>(13,352)</u>	<u>-</u>	<u>(13,352)</u>
Total decrease of fund balance resulting from entries	<u>(118,143)</u>	<u>2,497</u>	<u>-</u>	<u>(115,646)</u>
Ending Change in fund balance	<u>\$ 129,568</u>	<u>\$ (2,119,655)</u>	<u>\$ (132,837)</u>	<u>\$ (2,122,924)</u>

Disagreements with Management

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditors' report. We had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

Significant Issues Discussed or Subject to Correspondence with Management

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention

Other Reports

Other information that is required to be reported to you is included in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Please read all information included in that report those reports to ensure you are aware of relevant information.

Appendix II

Management Comments

In planning and performing our audit of the financial statements of Saginaw Intermediate School District as of and for the year ended June 30, 2008, we considered Saginaw Intermediate School District internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report dated November 3, 2008, on the financial statements of Saginaw Intermediate School District. Our comments and recommendations regarding those matters are:

Outstanding Checks

During our testing of the bank reconciliation process we noticed that there are many outstanding checks that are several years old. We recommend that management develop a policy for handling outstanding checks that includes a timeline of following up with the payee and if necessary escheating them to the state.

Decentralized Cash at Hartley

During our walkthrough of the decentralized cash process we noted that one individual is responsible for handling cash receipts and tracking inventory. We recommend that management develop monitoring procedures such as evaluating key ratios like profit margin or inventory turnover to ensure that revenues and expenditures are in line with expectations.

Uninsured Cash

Federal Deposit Insurance Corporation (FDIC) is reporting increases in both the number of insolvent and troubled banks on their watch list; large and small banks alike. Given the current environment in the banking industry, we recommend reviewing the cash policy related to FDIC insurance coverage. This could include periodic monitoring of the institution's financial standing using a bank rating service. As of June 30, 2008, \$3,169,982 was uninsured.

Transfers

Upon review of the financial statements, we noticed that there are instances where transfers made between accounts are not necessarily recorded in a transfer account, but included in an expenditure account with other items. We recommend that Management utilize transfer accounts in order to ensure that the financial statements properly state interfund transfers and complies with the State Chart of Accounts.

Signed Certifications

During our payroll testing we noted one individual that was partially charged to IDEA and the remaining portion of her wages were charged to Special Education. Typically the ISD obtains signed certifications for such individuals stating that 100% of their time is charged to the same cost objective. However, since this individual was contracted out to private schools, it was an unusual circumstance. We recommend that the ISD consider all such instances and have certifications signed for all such employees that work with special education students 100% of the time but the funding for their salary comes from various sources.

STATUS OF PRIOR YEAR COMMENTS

Mileage Reimbursements

In the prior year we noted that there were reimbursements for mileage that were not always submitted timely. We recommended that management amend their travel policy to include a reasonable time frame for submission of reimbursement requests in order to receive reimbursement. We tested this area again in the current year and noted that there are still instances where mileage reimbursements are not being submitted after a two month time frame for reimbursement. It appears as though the situation has improved to some extent. However, we recommend that Management continue to watch the timeliness of mileage reimbursements. This should make the approval process easier for Supervisors, as they will not have to research the purpose for a reimbursement related to an event several months in the past.

Proportionate Share Calculation

We noted during our previous audit that management is properly calculating the proportionate share for parentally-placed private school children for the IDEA flow-through money, but not for the preschool funds. The Michigan Department of Education, Office of Special Education and Early Intervention Services needs to provide additional technical assistance and guidance to Intermediate School Districts, their Local School Districts and Public School Academies, regarding the implementation of the Individuals with Disabilities Education Act, Proportionate Share Requirement. We recommended that the ISD follow up with the Michigan Department of Education on what is required under the implementation of the Proportionate Share Requirement. As the guidelines are still not clear, we recommend that the ISD continue to look into the requirements as new information comes available.

Head Start Expenditures

We noted in our audit in the prior year that there were several expenditures recorded in the wrong period based on how the Head Start encumbrances were handled. Management has developed a process to address these issues at year end, and we noted no such problems in the current year.

Documentation of Internal Controls

As part of the 2007 audit, we identified that there was not a complete documentation of internal control procedures. We noted that Management has developed a manual for the Head Start Program and is applying it to the rest of the financial reporting process as well.